

MAR '37

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THE ROUND TABLE

A QUARTERLY REVIEW OF THE POLITICS OF
THE BRITISH COMMONWEALTH

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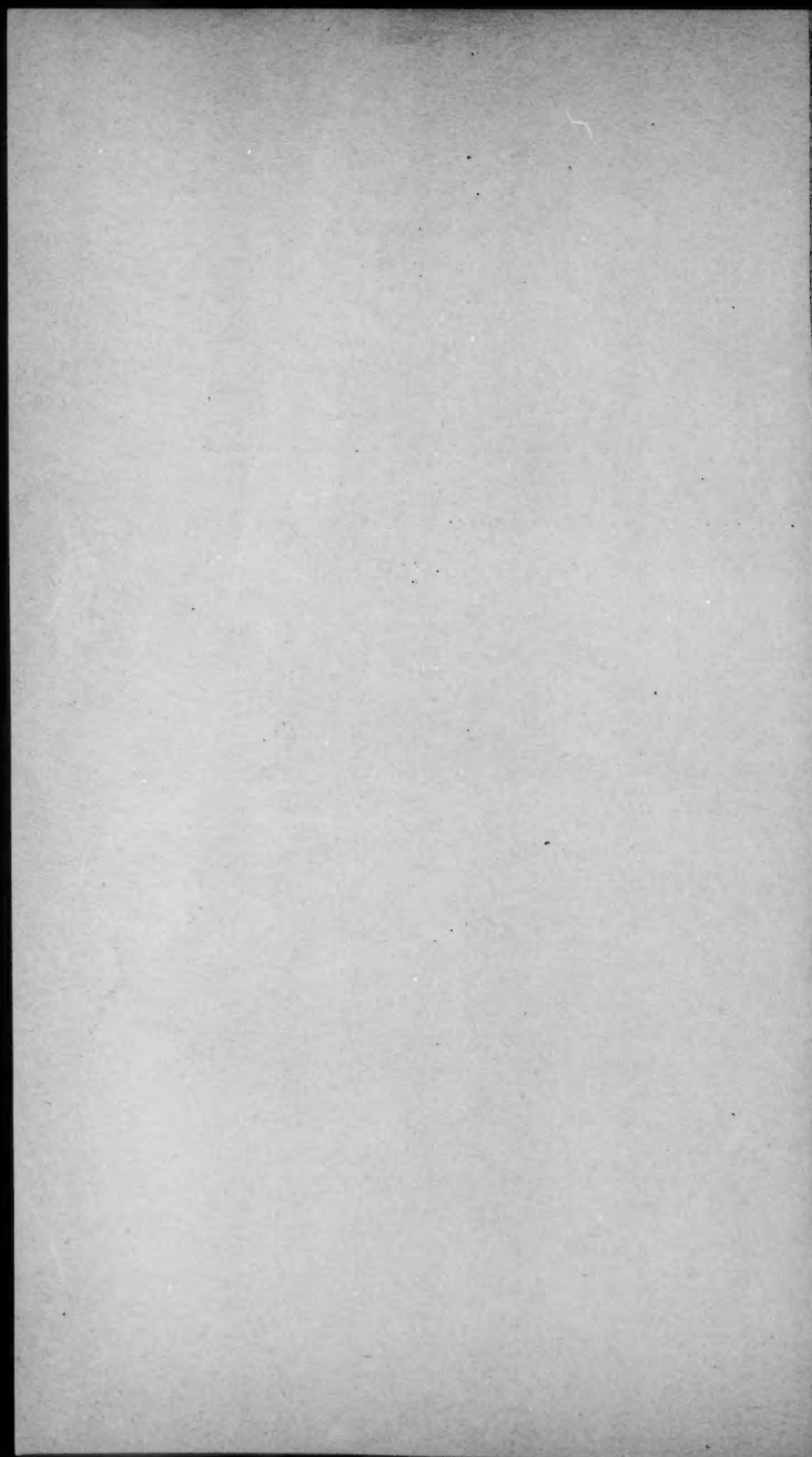
CONTENTS OF NO. 106:

Crown, Constitution and Commonwealth
Power Politics and the Imperial Conference
Intervention in Spain
Chinese Communism: The Sianfu Incident
The Birth Rate and the Empire
Russia's Defensive Strength
The Rand in the Economy of South Africa
The Irish Republican Kingdom
The Empire and the Crisis
Parties and Politics in India
President Roosevelt's Tight-Rope

AND THE QUARTERLY REVIEWS OF AFFAIRS IN
CANADA; AUSTRALIA; NEW ZEALAND;
SOUTH AFRICA; GREAT BRITAIN

MARCH 1937

FIVE SHILLINGS



CROWN, CONSTITUTION AND COMMONWEALTH

I. THE KING AND HIS MINISTERS

BETWEEN the first appearance in the English papers of any overt reference to King Edward's wish to marry Mrs. Simpson, and his signing of his instrument of abdication, eight days elapsed. So quickly did the crisis, as the general public knew it, come and go. Actually it was the culmination of events stretching back over several years. It was not until the summer and autumn of 1936, however, that the King's association with Mrs. Simpson became the object of a growing flood of scurrilous and banal gossip, originating in the less reputable American papers, and inevitably seeping into the countries of the Commonwealth. Political and press circles in Great Britain and the Dominions were far from ignorant of what was passing; indeed, the affair was a common topic of conversation in clubs and drawing-rooms all through that period, and more especially after October 27, when Mrs. Simpson's suit for divorce at the Ipswich Assizes gave colour to the rumour, previously derided, that a marriage was in contemplation. Yet the press was uniformly silent: not because it had been bought or censored or persuaded, or was afraid or prudish or obscurantist, but because editors and proprietors hoped that the rumours would prove false, the trouble would blow away, and everyone would be able to congratulate himself on having saved the Monarchy from the vulgar and damaging publicity inflicted on it in the United States. Some commentators now claim that "had the disclosure been gradual and accompanied by sober comment, the King himself would have been warned of the extraordinary

CROWN, CONSTITUTION AND COMMONWEALTH

difficulties of the course he had in mind, and it is more than probable that a solution would have been found without any broadcasting of what had passed between him and the Prime Minister".* But the only "solution"—in the circumstances as we now know them—was the one that was almost unanimously rejected as soon as it was proposed. Even if it had commended itself to public opinion at the time, it would have left behind a rankling sore and damaged the Monarchy beyond repair. It is easy to be wise after the event; but the silence of the press must seem in retrospect to have been as fortunate in saving us from such a "solution"—if that indeed was its effect—as it was in shortening the actual period of crisis. Certainly, once the newspapers had adopted their policy of abstinence it was extremely difficult for them to reverse it, in the absence of an occasion provided by some public utterance or official statement.

The actual occasion was a peculiar one. In the course of an address to his diocesan conference on December 1, the Bishop of Bradford discussed the religious aspect of the Coronation, and incidentally remarked that it was to be hoped the King was aware of his need for God's grace. "Some of us wish he gave more positive signs of his awareness". The next day a number of provincial newspapers, led by the *Yorkshire Post* (which, as the Bishop's leading local journal, was likely to deal with any important utterance that might fall from him), commented outspokenly on this remark, and by December 3 the whole press was full of news and opinion on the King's relations with Mrs. Simpson. The Bishop of Bradford afterwards declared that when he composed his address he had not even heard of the rumours about those relations, and that he had been referring only to the King's apparent indifference to the public practice of religion. The loosing of the flood-gates of publicity was thus in itself an accident. But the fact that a sober conservative journal, not a

* Mr. J. A. Spender in the *Fortnightly*, January 1937.

THE KING AND HIS MINISTERS

circulation-crazy organ of the stunt press, was the first to break silence is a sign that it was no accident that the accident happened round about that time. A growing circle knew or suspected that already the affair was the object of urgent Cabinet discussion, and of inter-communication among the different Governments of the Commonwealth.

It is therefore necessary to take the story back a little in time, following the disclosures that have since been made in the Parliaments of the Commonwealth, notably by Mr. Baldwin on December 10, by Mr. Lyons on the following day, by Mr. Mackenzie King on January 18, and by General Hertzog on January 25. Perturbed by the gossip in the American press, and by its reactions in the Dominions and at home, Mr. Baldwin sought and obtained an interview with His Majesty on October 20. He told the King of his anxieties, especially with regard to the publicity, criticism and suspicion that might arise from the divorce proceedings then pending. He reminded the King of the unique position of the Monarchy, not only as the last link of Empire but also as a guarantee, so long as its integrity was preserved, against many evils that had afflicted other countries. But while the respect for the Monarchy had been largely built up over three generations, said the Prime Minister, it might disappear far more rapidly in the face of the kind of criticism to which it was being exposed, and against which no popularity could in the end prevail. Mr. Baldwin pressed for no answer to what he had said, but asked the King to consider it carefully. Nearly a month later, on November 16 (Mrs. Simpson having meanwhile obtained a decree *nisi*), the King sent for Mr. Baldwin, who again raised the question of a marriage, expressing the view that the suggested union would not command the approval of the people; they had a right to be heard, he said, since the King's wife must be their Queen. King Edward replied: "I am going to marry Mrs. Simpson, and I am prepared to go".

CROWN, CONSTITUTION AND COMMONWEALTH

All this time the conversations between the King and Mr. Baldwin were on a personal and informal footing. The Prime Minister consulted none of his colleagues before visiting the King on October 20, and reported to only a few of the senior of them what then occurred. That being so, there was no question of drawing the Dominion Governments into consultation at that stage. Their right to advise the Crown on an issue affecting the whole Commonwealth was and is equal with that of the British Cabinet, but in a constitutional sense no advice to the Crown had yet been sought or tendered. Such Commonwealth inter-communication as there was at that period—and it is hard to believe that the topic of the King's intentions was entirely avoided in private discussions in London between the High Commissioners and Cabinet Ministers, or in the High Commissioners' intimate reports to their own Premiers—such inter-communication took as personal and informal a character as the explorations of Mr. Baldwin himself.

The whole character of the issue was altered, however, after Mr. Baldwin's next interview with His Majesty, which took place on November 25. In the meantime a suggestion had been privately advanced that Parliament—or rather the Parliaments of the Commonwealth—should pass an Act enabling Mrs. Simpson to become the King's wife without assuming the position of Queen. This was Mr. Baldwin's account of his conversation with the King.

He asked me whether that proposition had been put to me, and I said yes. He asked me what I thought of it. I told him that I had not considered it. I said, "I can give no considered opinion". If he asked me my first reaction informally, my first reaction was that Parliament would never pass such a Bill. But I said that if he desired it I would examine it formally. He said he did so desire. Then I said, "It will mean my putting that formally before the whole Cabinet and communicating with the Prime Ministers of all the Dominions, and was that his wish?" He told me that it was. I said that I would do it.

On November 27 an emergency meeting of the Cabinet

THE KING AND HIS MINISTERS

was held, and on the same or the following day* communication was made with the Dominion Governments. The various Dominion Prime Ministers have told the subsequent story in different terms. The first cable from Mr. Baldwin recounted his conversations with the King and asked to know the reactions of the Dominion Governments. Mr. Mackenzie King told the Canadian House of Commons that Mr. Baldwin asked for "an expression of opinion on two possible courses—the marriage of King Edward to Mrs. Simpson, she to become Queen, and a morganatic marriage, of which the issue would be barred from the succession". In General Hertzog's account a third possible course was added—voluntary abdication.

At this period the exchanges between the Governments of the Commonwealth were on the plane of mutual information. Mr. Lyons responded, he said, with his "personal view, since at that time the whole matter was highly secret and confidential". Mr. Mackenzie King likewise replied "without consulting other members of the Cabinet". The machinery of direct communication between Prime Minister and Prime Minister on "matters of Cabinet importance" had been established by the Imperial Conference of 1918. In effect, Mr. Baldwin was passing on to the Dominion Governments information essential to them in deciding what advice they should give to the Crown; and from them he was requesting information essential to the United Kingdom Cabinet in deciding what advice it should give to the Crown. Ingenious suggestions that the Prime Minister of the United Kingdom acted in the crisis as the chairman of an imaginary Imperial Conference are an inaccurate as well as unnecessary gloss on the truth; for in the actual exchanges there was never any hint of such a fictional relationship. The suggestions, indeed, are consonant neither with the status of the Dominion Governments, as having an independent relation with the

* Mr. Lyons said he received the cable on November 28, but there is ten hours' difference in time between Canberra and London.

CROWN, CONSTITUTION AND COMMONWEALTH

Crown, nor with the character of the Imperial Conference, which is not an executive body and has no power to delegate to anyone authority to act in its name.

What views the Dominions expressed in their replies to Mr. Baldwin's communication will probably never be known to the public in detail. But it is apparent that after brief reflection they were found firmly and unanimously opposed to the idea of a morganatic marriage—an idea repugnant to British law and custom, and on the face of it a confession that the woman whom the King wished to marry would be unacceptable as Queen. By December 2, when the King again sent for Mr. Baldwin, although the latter's enquiries were not yet complete, they "had gone far enough to show that neither in the Dominions nor here would there be any prospect of such legislation being accepted". Mr. Baldwin told the King that the proposal was therefore impracticable, and His Majesty "took the answer with no question and he never recurred to it again".

The next stage was the giving of formal advice to the King by his Dominion Governments. This was done at Mr. Baldwin's suggestion,* conveyed on December 5. Our information at present is incomplete, but we know that at least the Governments of Australia and South Africa at once advised the King directly that a morganatic marriage was impossible; and that the Canadian Cabinet preferred to authorise Mr. Baldwin to transmit to the King a like repudiation, as their united opinion on the only issue on which formal advice to the Crown was sought or tendered throughout the crisis. On December 8, however, they sent through the Governor General a message

* Mr. Mackenzie King reported that "an intimation was received from the Prime Minister of Great Britain to the effect that possibly the different Dominions might wish of their own accord to tender advice to His Majesty"; and Mr. Lyons' account was similar. According to General Hertzog, however, Mr. Baldwin declared in his cable that the King himself, though likely to abdicate, had "expressed the wish that his several Governments should advise him formally" on the morganatic marriage proposal.

THE ABDICATION

to His Majesty in which, after expressing their sympathy, they declared :

There is no doubt in our minds that recognition by your Majesty of what, as King, is owing by you to the Throne and to your Majesty's subjects in all parts of the British Commonwealth, regardless of what the personal sacrifice may be, should be permitted to outweigh all other considerations.

The dividing line between "advice to the Crown" and "expressions of opinion" is not easy to draw. The important fact is that some if not all of His Majesty's Governments in the Dominions exercised their right to communicate with the King, whether in the shape of formal advice or otherwise. Their status in this respect was equal to that of the United Kingdom Government, though the nature and urgency of the crisis made it inevitable that Mr. Baldwin should have played a unique part, and that His Majesty should not himself have directly sought advice from his Dominion Governments at the same time as he sought it from Mr. Baldwin. Two alternative methods of procedure were open to them in advising the Crown in person, and both, it seems, were used: to present their advice through their Governors General, as the personal representatives of the Crown, or to communicate directly with the King through his private secretary.

II. THE ABDICATION

MEANWHILE, in England, events moved rapidly towards their climax. After the first bewildered week-end, public opinion, led by the responsible press on both sides of politics, solidified swiftly and decisively behind the view that the choice lay with the King, and that it lay between giving up Mrs. Simpson and abdicating the Throne. It is clear from Mr. Baldwin's narrative that this was fully realised by His Majesty himself, who, after the rejection of the morganatic marriage plan, made no attempt

CROWN, CONSTITUTION AND COMMONWEALTH

whatever to force the issue into any other channel. There was at no time a constitutional crisis in the sense of a conflict between King and Ministers. King Edward had too wide a knowledge of affairs, and too profound a concern for the welfare of his peoples, not to rule out from the start the possibility of such a conflict, with its consequences of a Government resignation, political chaos, dissension among the members of the Commonwealth, the formation of a party of King's friends, and lasting bitterness and injury to the Crown. He had made up his mind conclusively by December 8, on which date Mr. Baldwin had his final interview at Fort Belvedere. On the following day the Cabinet addressed a last-minute plea to His Majesty, expressing the hope that before he pronounced any formal decision he would be pleased to reconsider his intention, which must so deeply distress and so vitally affect all his subjects. As late as December 10 (though half a day before corresponding English time) the Australian Prime Minister sent through the Governor General a message begging the King to reconsider his decision and to continue to reign over Australia. But the door had shut.

On December 10 the King's message was read by Mr. Speaker, and the same day the text was issued of the Bill to validate the abdication. Both these documents are reproduced in full in an appendix to this article. When the Bill was before the House the following day, seven members were found to support Mr. Maxton's amendment declining to accept a Bill necessitated by circumstances

which show clearly the danger to this country and to the British Commonwealth of Nations inherent in a hereditary monarchy, at a time when the peace and prosperity of the people require a more stable and efficient form of government of a republican kind.

The main body of the Labour party, in Mr. Attlee's words, were "not to be diverted into abstract discussions about monarchy and republicanism. The one essential is that the will of the people should prevail in a democratic

THE STATUTE OF WESTMINSTER

country". Apart from the long-winded republican diversion, the proceedings on the Bill in Parliament were short and concise, emotions being too full for contentious debate or verbose approval. The Bill passed all its stages and received the Royal Assent on December 11. That same evening Prince Edward left England, by choice and not by law an exile, having first broadcast to the peoples of the Empire a moving message of explanation and farewell. The Duke of York, who immediately succeeded his brother upon the giving of the Royal Assent to the Declaration of Abdication Bill, was proclaimed King George VI on December 12. So the crisis ended.

III. THE STATUTE OF WESTMINSTER

KING EDWARD'S decision to renounce the Throne initiated a new phase in the Commonwealth aspect of the crisis; for the abdication, with its attendant consequences for the succession, had to be ratified by Parliament, and there are six sovereign Parliaments under the Commonwealth Crown. Perhaps too nice an attention has been paid in this respect to the exact phraseology of the Statute of Westminster, whose purpose was simply to give legal form to the facts and principles of equality of status in the Commonwealth, as they had been described by the 1926 Imperial Conference. Those facts and principles themselves are inherently more important than their legal expression. Lawyers fall out, indeed, over the question how far the Statute of Westminster is rigidly binding in the different jurisdictions of the Commonwealth. If the old constitutional rule applies, that no Parliament can bind its successor, and that any statute contravening an earlier statute to that extent repeals it, then no special procedure is needed to re-establish the power of the United Kingdom Parliament to pass laws for the Dominions despite the Statute of Westminster. Nevertheless the Statute is the latest and most solemn expression of Commonwealth convention,

CROWN, CONSTITUTION AND COMMONWEALTH

which no Government here or in the Dominions would flout save under the stress of the gravest emergency, such as would assuredly bring about a mutual understanding on the course to be followed.

Two portions of the Statute of Westminster clearly applied to the necessities of the crisis. The first was the preamble, which sets out that

inasmuch as the Crown is the symbol of the free association of the members of the British Commonwealth of Nations, and as they are united by a common allegiance to the Crown, it would be in accord with the established constitutional position of all the members of the Commonwealth in relation to one another that any alteration in the law touching the Succession to the Throne or the Royal Style and Titles shall hereafter require the assent as well of the Parliaments of all the Dominions as of the Parliament of the United Kingdom.

The second relevant portion—technically the more binding, since a preamble has not the force of law *—was section 4, which lays down the following rule.

No Act of Parliament of the United Kingdom passed after the commencement of this Act shall extend, or be deemed to extend, to a Dominion as part of the law of that Dominion, unless it is expressly declared in that Act that the Dominion has requested, and consented to, the enactment thereof.

This section did not apply to Australia or New Zealand, whose Parliaments had not yet adopted its terms. But since the Statute of Westminster embodies Commonwealth convention, and since an integral part of that convention is the co-equality of the Dominions, it follows that the sense of the Statute will always be applied if possible to all the Dominions equally. So it was in this case. There was

* But the Solicitor General declared in the debate on the Statute in 1931: "I take leave to say that the future of the Crown of the British Empire will not be decided by judges in courts of law, but in the hearts of the subjects of the Crown, and, having declared, as we have in the preamble, a great constitutional principle, I should have thought that it was sufficient for us to leave that notable declaration where it is in the preamble without taking the trouble to insert it in the body of the Bill".

THE STATUTE OF WESTMINSTER

no more thought of the United Kingdom Parliament's legislating out of hand for Australia or New Zealand than of its doing so for Canada or South Africa. The preamble of the Declaration of Abdication Act acknowledges the assent of all those four Dominions. Indeed, the Australian Parliament was the only Parliament in the British Commonwealth to pass a resolution approving the Act on the same day as it was passed in the United Kingdom.

It is worth noting that, when section 4 of the draft Statute of Westminster was under discussion at the Imperial Conference of 1930, the Dominion representatives themselves rejected the idea of making the necessary "request and consent" parliamentary rather than executive. Canada endorsed the Declaration of Abdication Act in due form by way of a Governor General's order in council passed at Ottawa on December 10. In a broadcast address the same day, Mr. Mackenzie King explained that this action had been taken because the time-element made it impossible to summon the Canadian Parliament to a special session in time to take action before, or simultaneously with, the United Kingdom. Immediately after the opening of the next session, however, he introduced a one-clause Bill altering the succession to the Throne in accordance with the United Kingdom Act. Mr. Lapointe, the Minister of Justice, drew a distinction between validating the abdication and the new accession, which required from Canada only governmental "request and consent", and altering the law touching the succession, which required parliamentary ratification, under the preamble to the Statute of Westminster.

The inability to summon Parliaments in time to approve the United Kingdom legislation in advance caused a certain amount of constitutional embarrassment, especially with regard to the Irish Free State and the Union of South Africa. The attitude of Mr. de Valera's Government to the Crown, and the measures passed by the Free State Parliament to deal with the situation created by King

CROWN, CONSTITUTION AND COMMONWEALTH

Edward's abdication, are described at greater length elsewhere in this issue of *THE ROUND TABLE*.^{*} Here one or two points only may be noted.

First, whatever may be thought of Mr. de Valera's use of the occasion to doctor the Free State constitution, by his promptitude in calling together the Dail on December 11 to face the problem of the abdication he spared Ireland and Great Britain some constitutional problems that might have aroused the bitterest controversy. Secondly, the Executive Authority (External Relations) Bill 1936, as amended and passed by the Dail, did fully serve the purpose, essential to Commonwealth unity at that moment of crisis, of assuring that the Crown in the Irish Free State—ambiguous as its position there might be—should be the same Crown as in Great Britain and the rest of the Commonwealth. Thirdly, thanks to the needs of home politics that made Mr. de Valera sweeten the pill of accepting the Crown with the jam of abolishing the Governor General, this Bill was passed a day after the Declaration of Abdication Bill received the Royal Assent and King George VI succeeded to the Throne.

The importance of this fact emerges when it is seen against the background of the omission of the Irish Free State from the preamble to the United Kingdom measure, and of Mr. de Valera's claim, which was certainly not without justification under the Statute of Westminster, that "in so far as Saorstát Éireann is concerned the abdication will not become effective until legislation for that purpose has been enacted by the Oireachtas". If his claim is allowed, then for the space of one day Edward VIII was still King in the Free State, whereas George VI had already succeeded him across the Irish Channel. And from that admission many important consequences would flow in the realm of constitutional law. The theory of the divisibility of the Commonwealth Crown, which is intimately bound up with the doctrine of Dominion neutrality, would receive

^{*} See below, p. 348.

THE STATUTE OF WESTMINSTER

an endorsement which it has not hitherto obtained among the orthodox. Such speculation, however, has at present no practical import. Neither Mr. de Valera's Government nor Mr. Baldwin's pressed the point: whatever theories may be built upon the frame of that day's interval, the event itself is past history: the unity of the Commonwealth Crown, in the person of King George VI and his successors, is assured.

The momentary divisibility of the Crown was likewise implicit in the line taken by the Government of South Africa. The Union Parliament was not sitting and could not be promptly summoned. Moreover, whereas Canada had ratified the Statute of Westminster as it stood, and could therefore comply with its provisions by formally "requesting and consenting to" the United Kingdom legislation, South Africa had taken the opportunity of the Statute to pass the Status of the Union Act, one effect of which was to bar any Act of the Parliament at Westminster from extending to the Union without a separate Act of the Union Parliament itself. The Attorney General, in explaining this point in the House of Commons debate on December 11, avoided discussing its consequences. He merely noted that the Union Government had authorised the citing of South Africa in the preamble, along with Australia and New Zealand, as having "assented" to the passage of the Declaration of Abdication Bill, although her position was very different from theirs.* The accession of George VI was duly gazetted and proclaimed by salute in the Union on December 12.

Nevertheless, the legal problem remained. There was indeed another section of the Status of the Union Act, providing that the words "heirs and successors" of the Crown in section 2 of the South Africa Act 1909 (which

* General Hertzog has since stated that this assent was given, and its mention authorised, not with a view to its having any legal effect, but at the request of the United Kingdom Government, and pending legislation in the Union.

CROWN, CONSTITUTION AND COMMONWEALTH

remains the main fabric of the Union's constitution) shall be taken to mean "His Majesty's heirs and successors in the sovereignty of the United Kingdom of Great Britain and Ireland as determined by the laws relating to the succession of the Crown of the United Kingdom of Great Britain and Ireland". This, however, was held inadequate by itself to secure the accession of George VI, since the phrase "as determined by the laws relating to the succession of the Crown of the United Kingdom" must plainly be construed in relation to other parts of the Status Act and to the Statute of Westminster. It is now apparent that the Union Government rested their legal position on the following argument. A demise of the Crown is a fact, not a legal myth, and the common law establishes that upon a demise of the Crown the next heir in the lawful succession instantly becomes King or Queen. The demise of the Crown is commonly a physiological fact; the Union Government seems to have held that upon this occasion it was no less indubitably a political fact, with necessary consequences in law.

But when, for the purposes of South Africa, did the demise take place? Not when the Declaration of Abdication Act received the Royal Assent, for that would be to acknowledge the power of the United Kingdom Parliament to legislate for the Union. The demise must therefore have taken place when King Edward signed his instrument of abdication. The Act subsequently passed by the Union Parliament therefore provides, independently of the United Kingdom Act but in similar terms, for the contingencies involved in the abdication, while declaring that this took place on December 10. This view, that the King may create a demise of the Crown by indicating his intention of abdicating, is not upheld by United Kingdom lawyers, and was vigorously assailed by Mr. Menzies in the Canberra debate of December 11. The succession to the Throne in modern times depended, he said, essentially upon statute, and what was contained in a statute could be modified only

LESSONS OF THE CRISIS

by a statute. The State Government of New South Wales even thought it necessary, in advance of the Declaration of Abdication Act, to secure amendments to the Demise of the Crown Act of 1901 and the state constitution, providing that "demise of the Crown" should cover demise by or upon abdication. Despite this conflict of opinion, the fact remains that every Government in the Commonwealth was satisfied that the abdication of Edward VIII and the accession of George VI had legal effect as from December 12 at latest; wherever it was thought necessary, retroactive legislation has now been passed to confirm this and to amend the succession to the Throne.

IV. LESSONS OF THE CRISIS

THE abdication crisis was thus a test of many things: of the strength and effectiveness of the new structure of the Commonwealth as an association of autonomous communities, of the position of the Crown in that association, of the relative force of the personal and the institutional elements in allegiance to the Crown, of the strength and flexibility of our democratic system, in which the constitutional monarchy plays an essential part. If, in the summing up on these points, we have much on which to congratulate ourselves, we must first recognise our debt to the personal qualities of the chief players in the drama. Judgment on King Edward can scarcely be offered in a few words, nor can his decision now be amended by praise or blame; it is enough to say that it was deeply regretted by the vast mass of his subjects throughout the Empire, who had looked forward to a long and brilliant reign. That said, it must be recorded that not for a moment did King Edward seek to injure the constitutional fabric, or to create difficulties for those who were advising him otherwise than he could have wished. His brother, Mr. Baldwin, the Governments and peoples of the Empire, owe much to his conduct in enabling the transition from one reign to

CROWN, CONSTITUTION AND COMMONWEALTH

another to be made calmly and without political explosion. Likewise the Empire is under a debt to the personal qualities of Mr. Baldwin, whose combination of tact and candour was never more favourably seen. A blundering Prime Minister, or a King reckless of the constitution, might have produced a result with echoes far different in the fame of British democracy.

The practical unanimity of the Commonwealth peoples, both in determining what was the real issue and in accepting the outcome with resignation combined with hopeful loyalty to the new King, was perhaps the most remarkable side of the whole story.* On the face of things, it might not have been expected; for King Edward enjoyed an immense personal popularity in the Dominions, where the consequences of his having a particular Queen Consort might not have struck home so intimately as to the people of Great Britain. Yet, although there were differences of outlook between various sections of opinion in the Empire, those authorised to speak for its peoples as national groups were of one mind and voice—a tribute to the responsible leadership of Dominion Ministers, to the common ways of thought and life among the British peoples in different corners of the globe, to the allegiance and affection that are paid to the Crown as an institution, by contrast with the King as an individual ruler. The Throne is greater than the King: that was the central lesson of the crisis, and a lesson expounded no less surely by the response of people of the Dominions than by that of people of Great Britain.

This union of wills infinitely eased the task of those whose responsibility it was to guide the working of the Commonwealth constitution. Had there been a conflict among the self-governing members of the Commonwealth, the system expressed in the Statute of Westminster might have been paralysed. As it was, the pressure of urgency revealed in it certain weaknesses. It might be argued that the urgency was exceptional and that the future working of

* See the article, "The Empire and the Crisis," below.

LESSONS OF THE CRISIS

the system is likely to take place in calmer conditions. On the contrary, whatever may happen in day-to-day routine, extreme urgency is likely to be characteristic of those very crises in the public affairs of the Commonwealth that will put its institutions to the most searching test. There has been no suggestion that the machinery of mutual information in the Commonwealth did not work smoothly on this occasion. The difficulties—which have been reflected in controversy along nationalist lines in certain of the Dominions—arose at two points: the giving of formal advice to the Crown, and the parliamentary endorsement of all-Commonwealth measures. The latter problem is doubtless inherent in the nature of the parliamentary system. Delays are inevitable, especially in vast countries like the overseas Dominions, where several days' travel may be needed to bring members to the capital; and the delays are multiplied when the simultaneous approval of several such Parliaments is required. The incident certainly gives warning of the dangers of the tendency, apparent notably in Canada, to insist upon previous parliamentary approval for executive acts of state.

The Dominion Governments' separate exercise of the convention of "advice to the Crown" as a process of executive action causes no special difficulties so long as such advice is confined to the internal affairs of the Dominions; for the Governor General can act on the spot with full responsibility as the Crown's representative, and there is no chance of conflict with advice given by other Governments to the Crown either in person or through other Governors General. The trouble arises in regard to external affairs, Commonwealth or foreign. Such issues may affect other Commonwealth members besides the one whose Government gives the advice; or they may affect the position of the Crown itself. The formal assent of a Governor General is then clearly not an adequate procedure. The advice must be given to the King himself. The constitutional machinery of the Commonwealth is not at

CROWN, CONSTITUTION AND COMMONWEALTH

present adjusted to these necessities, as the abdication crisis showed. Mr. Lyons or General Hertzog could not have audiences of His Majesty; their only means of advising the Crown directly was formal communication through the Governor General or the King's private secretary. And the only means whereby the views and intentions of the Dominions could be jointly considered before they took steps that might (though in fact they did not) lead to the giving of conflicting advice to the Crown was consultation between them and the Prime Minister of the United Kingdom. The legend of the imaginary Imperial Conference is an attempt to rationalise this situation in terms of equality among the members of the Commonwealth. It cannot thus be rationalised. The central part played by the United Kingdom Prime Minister was dictated not only by the urgent and peculiar facts of the case, but also by the absence of any machinery whereby the Dominions could advise the Crown upon an all-Commonwealth matter, on an equal footing with the Cabinet at Westminster, and after all-Commonwealth deliberation.

The responsibility for rectifying that defect, if they regard it as such, lies primarily with the Dominions. But behind it, and behind the whole story of the crisis, lies the problem of giving practical shape to the character of the Commonwealth Crown as at once sixfold and single. The old formulæ of constitutional theory no longer fit. Perhaps the best approach to a new set of formulæ lies through drawing a distinction between the "King" functions and the "Governor-General" functions of the Crown. The King acts in effect as his own Governor General over a vast range of United Kingdom and colonial business in which he could, if necessary, act by deputy, as he does in the self-governing Dominions. But that kind of business does not exhaust the functions and attributes of the Crown. There remain all those aspects of the Commonwealth Monarchy, including the whole of the personal side, which are shared by every member-nation of the Commonwealth.

LESSONS OF THE CRISIS

George VI may be supposititiously Governor General in the United Kingdom, and may depute royal functions to Dominion Governors General, but he himself is King throughout the Commonwealth. This distinction was clearly reflected in the Regency Bill that was introduced in Parliament at the end of January. Although it does not apply to the Dominions, care has been taken to provide for a possible regency in a form equally acceptable to all parts of the Commonwealth. On the other hand, the intention of the clause concerning the appointment of Counsellors of State in the event of the King's protracted absence abroad is plainly that the King shall retain his imperial functions in person, while discharging his national functions by deputy.

A further consequence flows from this dual nature of the Crown. The King in his "Governor-General" functions, like the Governors General themselves, acts on the formal advice of a single Ministry, while being able to seek advice in a more general sense wherever he chooses. The King as wearer of the all-Commonwealth Crown is no less bound by constitutional convention, but his task of obtaining wise counsel informally is much more difficult. He cannot be in all his Dominions at the same time, and in fact he is bound to spend the greater part of his reign in the United Kingdom. Those whom he assembles about him in his household, and to whom he turns for informal advice, therefore owe a special responsibility to the Dominions. Who they shall be is a matter of personalities rather than principle. But the chief source of private information for the King on the life of the Dominions must remain the Governors General, whom, on the advice of Dominion Governments, he has appointed to act for him. The right of those Governments to nominate whom they will is unquestioned, but it must needs be so exercised as to make possible the personal contact between King and Governor General that is essential to the working of the sixfold Crown. The key lesson of the crisis is the need for mutual understanding between the King and all his peoples.

CROWN, CONSTITUTION AND COMMONWEALTH

APPENDIX

I. THE KING'S MESSAGE TO PARLIAMENT

After long and anxious consideration I have determined to renounce the Throne, to which I succeeded on the death of my father, and I am now communicating this my final and irrevocable decision.

Realising as I do the gravity of this step, I can only hope that I shall have the understanding of my peoples in the decision I have taken and the reasons which have led me to take it.

I will not enter now into my private feelings, but I would beg that it should be remembered that the burden which constantly rests upon the shoulders of a Sovereign is so heavy that it can only be borne in circumstances different from those in which I now find myself.

I conceive that I am not overlooking the duty that rests on me to place in the forefront the public interest when I declare that I am conscious that I can no longer discharge this heavy task with efficiency or with satisfaction to myself.

I have accordingly this morning executed an instrument of abdication in the terms following :

I, Edward the Eighth of Great Britain, Ireland, and the British Dominions beyond the Seas, King, Emperor of India, do hereby declare my irrevocable determination to renounce the Throne for myself and for my descendants, and my desire that effect should be given to this instrument of abdication immediately.

In token whereof I have hereunto set my hand this tenth day of December, 1936, in the presence of the witnesses whose signatures are subscribed.

(Signed) EDWARD R.I.

My execution of this instrument has been witnessed by my three brothers, their Royal Highnesses the Duke of York, the Duke of Gloucester, and the Duke of Kent.

I deeply appreciate the spirit which has actuated the appeals which have been made to me to take a different decision, and I have before reaching my final determination most fully pondered over them.

But my mind is made up. Moreover, further delay cannot but be most injurious to the peoples whom I have tried to serve as Prince of Wales and as King, and whose future happiness and prosperity are the constant wish of my heart.

I take my leave of them in the confident hope that the course which I have thought it right to follow is that which is best for the stability of the Throne and Empire and the happiness of my peoples.

APPENDIX

I am deeply sensible of the consideration which they have always extended to me both before and after my accession to the Throne and which I know they will extend in full measure to my successor.

I am most anxious that there should be no delay of any kind in giving effect to the instrument which I have executed, and that all necessary steps should be taken immediately to secure that my lawful successor, my brother his Royal Highness the Duke of York, should ascend the Throne.

EDWARD R.I.

II. THE DECLARATION OF ABDICATION ACT

Whereas his Majesty by his royal message of the 10th day of December in this present year has been pleased to declare that he is irrevocably determined to renounce the Throne for himself and his descendants, and has for that purpose executed the Instrument of Abdication set out in the schedule to this Act, and has signified his desire that effect thereto should be given immediately ;

And whereas, following upon the communication to his Dominions of his Majesty's said declaration and desire, the Dominion of Canada, pursuant to the provisions of section 4 of the Statute of Westminster, 1931, has requested and consented to the enactment of this Act, and the Commonwealth of Australia, the Dominion of New Zealand, and the Union of South Africa have assented thereto ;

Be it therefore enacted by the King's most excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows :

1. (i) Immediately upon the royal assent being signified to this Act the Instrument of Abdication executed by his present Majesty on the 10th day of December, 1936, set out in the schedule to this Act, shall have effect, and thereupon his Majesty shall cease to be King and there shall be a demise of the Crown, and accordingly the member of the Royal Family then next in succession to the Throne shall succeed thereto and to all the rights, privileges, and dignities thereunto belonging.

(ii) His Majesty, his issue, if any, and the descendants of that issue, shall not after his Majesty's abdication have any right, title, or interest in or to the succession to the Throne, and section 1 of the Act of Settlement shall be construed accordingly.

(iii) The Royal Marriages Act, 1772, shall not apply to his Majesty after his abdication nor to the issue, if any, of his Majesty or the descendants of that issue.

2. This Act may be cited as his Majesty's Declaration of Abdication Act, 1936.

POWER POLITICS AND THE IMPERIAL CONFERENCE

I. SOVEREIGNTY AND THE LEAGUE

A GREATER realism is now manifesting itself in the public discussion of international affairs. The easy hopes that the League of Nations would assure us, without serious effort, a long era of peace and prosperity have been ruthlessly dispelled. The world is in even greater turmoil than it was before 1914. Some people attribute this to the rising world quarrel between communism and fascism. But it is due far more to the anarchy in which some seventy nations are trying to live, and which no league of sovereign States can possibly remedy. The centre of world disturbance is Europe, and the primary reason for its discord, for its constant expansion of armaments, for its economic distress, for the violence of the rival communist and fascist religions, is its division into twenty-six sovereign States, each armed to the limit with guns and tariffs. If Europe could achieve the federation that has spared the United States—an area of almost exactly the same size—the wars and frustrations and economic disasters of Europe, it would be at peace, and the problem of reconciling the rising socialist ideal with political and individual liberty could probably be solved by constitutional and democratic means. But, for the present, because of internal divisions, a federation of Europe is utterly out of reach.

It is curious that the countries which have learned through bitter experience that the system of co-operation between states will not work, and have established federation or union

SOVEREIGNTY AND THE LEAGUE

as the only solution of their own problems, namely the United States, Canada, Australia, South Africa and the United Kingdom, should have been among the slowest to realise that a League of Nations, so long as it is based on the retention of complete national sovereignty by its members, is subject to five fatal limitations. A league of sovereign nations can neither compel universal membership nor proceed by majority decision. It has no power in itself to alter the *status quo*, and thereby remove some of the main causes of conflict. It has no power to limit or control economic nationalism, the principal cause of unemployment, dictatorship and international tension today. It has no power to limit armaments. And if it attempts coercion by applying sanctions, its members must be ready for or actually go to war.

The gradual recognition of these essential truths by the champions of the League is having two beneficial effects. On the one hand it is opening the door to a recovery of the League in the only form in which it can be of use so long as its members insist on maintaining their full sovereignty—as a system of regular universal conference, based on the undoubted fact that every nation is necessarily concerned about the possible reactions upon itself of a conflict anywhere, a system in which the members assume no automatic obligation to take coercive action, though they have the right to do so in the light of the facts and arguments produced at the time. It may seem a step back to abandon automatic sanctions, but, until the League has power to revise treaties, automatic sanctions simply mean an obligation to go to war to maintain the *status quo*. Such an obligation conduces neither to peace nor to universal membership. So long as the League consists of sovereign States it can act only by taking such action, either military or economic, as its members can agree upon in the light of the circumstances of every case.

On the other hand, recent events have brought home to us that in a world of sovereign States, whether they act

POWER POLITICS AND IMPERIAL CONFERENCE

through the League or outside it, the old diplomacy—that is diplomacy whose ultimate sanction is war or the threat of war—is still in operation, and must be conducted according to its own rules. The League has admittedly suffered from the fact that it has no power to remove the grievances that make for war. But in a completely anarchic world of sovereign States alterations in the *status quo* are just as difficult to obtain. Indeed, it is often said that under conditions of anarchy revision can be obtained only by war, that local changes will be made by local wars and that world wars will break out when the general settlement made at the end of the last world war has become sufficiently out of date. But that is not wholly true. Under the old diplomacy there is an intermediate method between petrifaction of the *status quo* and war. That method is power politics, or *Machtpolitik*. That is the method by which a nation or a group of nations, seeking to alter the *status quo*, justly or unjustly, succeeds either in building up such military predominance on its own side, or in so isolating its rival, that the weaker party consents to a change rather than face the alternative of probable or certain defeat in war.

Power politics, of course, is an extremely dangerous game. It is a game of poker, with war as the consequence of serious misjudgment in bluff or play. The weaker State may prefer war to humiliation, especially if it hopes that others, for their own reasons, may intervene. It is never possible to isolate a situation entirely, if only because in a world of anarchy power is what ultimately counts, and a successful act of power politics anywhere is bound to have an effect on the balance of power elsewhere. But for all its risks, and despite the fact that the effects of power politics are often unjust, it is, within limits, preferable to war as a method of readjustment, when the method of voluntary agreement has failed. If it is successful it involves no loss of life between the parties concerned, and no risk of the conversion of a local struggle into a general war in which millions are killed for causes that bear no

MANCHURIA AND ABYSSINIA

relation to the original quarrel and are in no way worth the terrific sacrifices involved. People may feel a moral repugnance towards the rules of the game of power politics. But the necessity for it is the result of their own insistence on sovereignty. Only when nations are willing to federate can a government come into being capable of acting on moral principles, capable because its decisions are law and the product of debate and majority decisions, and because resort to violence is prohibited and prevented. So long as we insist on living in conditions of anarchy, international politics will be governed in greater or less degree by the law of the jungle. And in the international jungle it is usually better to accept the lesser evil of change brought about by a successful *coup* of power politics, and to counter it by adjustments in the balance of power, than to insist on the greater evil of war, which may develop into world war, not least because such a war will almost inevitably end in a peace containing within itself the seeds of fresh wars.

II. MANCHURIA AND ABYSSINIA

IN the phase of world history from 1918 to 1931, international questions were, generally speaking, settled by agreement. This was mainly because of the overwhelming power of the Allies, who were substantially satisfied with the settlement they had made, both in Europe and in the Far East, after the defeat of Germany and her associates, and because the dissatisfied nations were too weak to resist or to think of being able to alter the *status quo* by force. The only considerable instance to the contrary was the occasion when in 1922 Kemal Pasha defied the Allies—by that time thoroughly pacifist themselves—and forced them to accept his own solution of the Turkish question by driving the Greeks out of Asia Minor. But in 1931 this era of tranquil adjustment came to an end, and the era of power politics definitely reappeared. Faced

POWER POLITICS AND IMPERIAL CONFERENCE

with the internal problem of providing for a population increased by a million a year, anxious about the gradually strengthening power of Bolshevik Russia, confronted by a disorderly but also slowly recovering China, the military party in Japan decided to try to solve the problem of her future by occupying Manchuria and Jehol. They knew that there was no question of getting the consent of China, or of the signatories of the Nine Power Pact, or of the League of Nations, to so radical a solution. Negotiations inevitably meant compromise, with the *status quo* as its basis. Unwilling to compromise, they took the law into their own hands, knowing that China could make no effective resistance and believing that the rest of the world would protest but not fight.

Their judgment was proved right by events. It is now clear from Mr. Stimson's book* that at no time did the United States ever propose even the mildest form of economic sanctions. He relied, first, on the moderates in Japan to restrain the military party, and later on the effect of international condemnation and a policy of non-recognition of conquest contrary to treaty. The British Government, in the interests of Anglo-American co-operation, might well have responded more cordially to Mr. Stimson's proposals for moral pressure on Japan, but there is no reason to suppose that co-operation in protest would have checked her. And the British Government was certainly right in refusing to take any action in the Pacific that would have given Japan the excuse to attack British possessions, until it was certain that the United States navy was pledged to support any agreed policy of action, for the reason that at that time it had wholly inadequate naval power in the Pacific to enable it to deal alone with a Japanese attack. Russia never seriously considered action of any kind. Nobody else counted, because nobody else had any power on the spot. So Japan "got away with" her *coup* of power politics, and accomplished her purpose in the

* *The Far Eastern Crisis*, by Henry L. Stimson.

MANCHURIA AND ABYSSINIA

decisive theatre of Manchuria (though not at Shanghai) by mobilising such strength that the local resistance of the Chinese was almost immediately overcome and the larger Powers thought that protest (*alias* discretion) was better than valour in defence of the integrity of China.

It was exactly the same with Abyssinia, except that the risks of general war run both by Italy and by the League were much greater, because both sides began to mobilise power. Mussolini, partly for economic reasons, partly, perhaps, to maintain his own internal prestige, decided to obtain general economic and political control over Abyssinia. It was practically certain that he could not obtain any such results from negotiation at Geneva, especially with Abyssinia a member of the League. Deliberately or through misjudgment he employed no subterfuges and by invading Abyssinia violated the Covenant of the League in the most flagrant way. The League members, recalling the Manchurian fiasco, and many of them fearing that their own turn might come next, decided, on British initiative, that they must put their obligations under Articles 10 and 16 of the Covenant to the test. When, therefore, despite League and diplomatic remonstrance, the invasion of Abyssinia commenced, the League members began to impose the economic sanctions provided for under Article 16. Protest and moral judgment had not sufficed. The issue had become one of power.

In Abyssinia, as in Manchuria, the power of resistance of the local State was small, and when once Italy had discovered the technical means of overcoming transport difficulties and of protecting her communications by air and gas, and once the *Rasses* had played into her hands by mass attacks, the real issue was whether the power mobilised by the collective action of the League would be sufficient to compel Mussolini to abandon his enterprise or to compromise. The result was a total victory for Mussolini, because the League Powers, headed by Great Britain and France, had decided from the first, and never wavered in

POWER POLITICS AND IMPERIAL CONFERENCE

their decision, that the Abyssinian question was not worth a war. In their view it was preferable to acquiesce in an unjust alteration of the *status quo* by force, rather than to risk a general war. No doubt if we had been more realistic and less indignant and uncompromising in our judgments we could have played our cards better. The League might have made economic sanctions as intensive as possible from the start, including oil sanctions, or we might have privately threatened a blockade of the Suez Canal, or the League might have been willing to compromise on something like the Hoare-Laval terms when they were within reach. But partly because most of the European members, especially France, were far more concerned over Germany than over Abyssinia, and partly because the English-speaking members of the League had got into the habit of thinking of the League as a kind of world government, the League played the game of power politics that is inherent in the relations between sovereign States almost as badly as it was possible to play it. Mussolini, who was an expert in the game, and who, by intense and violent efforts, had snatched a victory over Hailé Selassié before the rains came and League sanctions could begin to have cumulative effect, thus achieved a more resounding success, both in Abyssinia and over the League, than he probably expected or even desired.

III. WHERE DOES THE COMMONWEALTH STAND ?

IT is with this new situation—or rather with this clearer appreciation of the facts of the present-day world—that the nations of the Commonwealth have to deal. That world consists of sovereign States armed to the teeth, many of them being morally prepared by dictatorship for the use of force and dissatisfied with the *status quo*, both political and economic. In such a world, diplomacy, whether inside or outside the League, depends far more on the amount of power that can be mobilised behind particular

WHERE DO WE STAND?

courses of action than on moral principle—though moral principle and the response of nations to it is one of those *imponderabilia* which Bismarck found it so difficult to estimate. To-day, with so many large nations outside or opposed to the League, and with its smaller members increasingly unwilling to take any action that could bring them into conflict with more powerful neighbours, the necessity for facing the power aspects of every diplomatic situation becomes increasingly urgent.

There is no group of nations of which this is more true than the nations of the British Commonwealth. They have been willing to accept the obligations of the Covenant, but subject to the reservation that those obligations did not involve them in war. It is now clear both that Articles 10 and 16, if they are to be used to the full, involve liability to go to war, and that the nations of the Commonwealth are not prepared to assume such an obligation either automatically or all over the world. There is probably no Dominion that would not agree with Mr. Mackenzie King in maintaining that participation in military action can be decided upon only by the Parliament of the Dominion, and that this decision cannot be pre-judged.

Great Britain has taken the same attitude, though, like the Dominions, she put herself in a dubious and fundamentally bluffing position when Sir Samuel Hoare made his speech at Geneva in September 1935. Recently, however, in a speech made by the Foreign Secretary at Leamington on November 20—a speech that attracted much more attention abroad than it did at home—the British Government took up a far more realist position.

British arms (said Mr. Eden) will never be used in a war of aggression. They will never be used for a purpose inconsistent with the Covenant of the League or the Pact of Paris. They may, and if the occasion arose they would, be used in our own defence, and in defence of the territories of the British Commonwealth of Nations. They may, and if the occasion arose they would, be used in the defence of France and Belgium against unprovoked aggression in accordance with our existing obligation.

POWER POLITICS AND IMPERIAL CONFERENCE

They may, and, if a new Western European settlement can be reached, they would, be used in defence of Germany were she the victim of unprovoked aggression by any of the other signatories of such a settlement. Those, together with our treaty of alliance with Iraq and our projected treaty with Egypt, are our definite obligations. In addition, our armaments may be used in bringing help to a victim of aggression in any case where, in our judgment, it would be proper under the provisions of the Covenant to do so. I use the word "may" deliberately, since in such an instance there is no automatic obligation to take military action. It is, moreover, right that this should be so, for nations cannot be expected to incur automatic military obligations save for areas where their vital interests are concerned.

In this speech Mr. Eden distinguished clearly between those matters about which Great Britain would be prepared to go to war and other matters in which she was interested, but which, at least at the outset, she would not consider a *casus belli*, though the latter kind of problem may, of course, always develop into the first. The distinction is just, and Mr. Eden is to be congratulated on having made it so explicitly. It is a recognition that, in a world of sovereign States and power politics, policy must bear some definite relation to the power that can be mobilised behind it.

But two very important questions follow from this recognition of the facts. The first is how far the other nations of the Commonwealth are prepared to stand behind these declarations; for the ability of Great Britain to make them effective depends, to some extent, on the degree to which the policy is also that of the rest of the Commonwealth. The second is to what extent Great Britain, either jointly with other members of the British Commonwealth or as a member of the League, or in a regional alliance, can or ought to intervene in controversies that may arise in other parts of the world, when they become conflicts of power.

It is essential that the first question should be thoroughly discussed at the forthcoming Imperial Conference. Is the territorial integrity of the British Commonwealth a matter that affects the national security of all the self-governing

WHERE DO WE STAND?

parts of the Empire and that also concerns them because of its importance for peace, liberty and democracy in the world? If it is, will they undertake to defend it, and if so to what extent, if it is threatened? Do they, as Great Britain does, regard the security of the Suez Canal and of the territories adjacent to it, Egypt and Palestine, and the security of Singapore also, as a vital concern to themselves and to the whole Commonwealth? Are they concerned to defend France and Belgium against "unprovoked aggression"? And what about Iraq? The answers of the several Dominions are likely to differ about the importance of these various points and the action they would take over them. It may be difficult to reach any common agreement that can be published. But the issue is one that clearly affects the vital interests of every part of the Commonwealth. It is one which, under the Imperial Conference resolutions of 1923 and 1926, is the subject matter of common policy, even though the main initiative from day to day in dealing with it must, subject to consultation, fall upon Great Britain. On the answer will largely depend the effectiveness of the diplomacy of Great Britain and the Commonwealth, both for self-defence and in restraining the policies of other nations that may threaten our vital interests. And no sensible decisions can be reached by any part of the Empire about these matters until its Government has heard the advice of the general staff as to the facts of the military situation, facts that can often not be published outside.

The second question, namely, the attitude to be taken outside these decisive areas, is much more difficult to answer. The complex issues arising out of the Spanish civil war are discussed in another article in this issue of *THE ROUND TABLE*.^{*} There are two other danger zones, however, which disclose clearly enough the essential nature of the problem—eastern and south-eastern Europe, and the

^{*} See below, p. 276.

POWER POLITICS AND IMPERIAL CONFERENCE

Far East. The realities of the Far Eastern situation were revealed in the Manchurian case. Presumably the Commonwealth can defend itself at Singapore, but the extent to which it can use power effectively beyond that base depends upon whether or not the navy of the United States is also committed to the same policy. As regards Europe there is stability in the west—the frontiers surrounding the Rhineland and the frontiers of France to the south are not in question. But there is, as yet, no stability in the east. There is discontent with many of the frontiers, especially between Hungary and her neighbours. There is the bitter struggle between communism and fascism. There is violent hostility among Germans to what they describe as the “encircling” alliances of France with Poland and the Little Entente, and still more to the Soviet pacts with France and Czecho-Slovakia, which in the German view, seem to ally these countries with Bolshevism. This discontent may expand an eastern European into a pan-European quarrel. Finally there is what is now called the “butter” versus “guns” issue: that is to say, is it possible to make an arrangement whereby the economic pressure from which Germany and the other so-called “have-not” countries suffer can be relieved as part of an all-round agreement which includes a limitation of armaments?

It is quite clear that Great Britain is not prepared to treat local eastern European questions, even if they become power conflicts, as matters in which her own armed strength should be involved. But it is equally clear that to-day, as in 1914, eastern European questions may become pan-European and even world questions, from the solution of which neither Great Britain nor the rest of the Commonwealth can stand apart. It is essential that the question where the line is to be drawn should as far as practicable be explored at the Imperial Conference, so that when the crisis arises there may be the least possible delay and doubt as to the policy to be pursued. In our view the general

WHERE DO WE STAND?

line is clear. In no circumstances should Great Britain allow herself to be drawn into a power conflict over any central or eastern European question, and the principal test of when an eastern European question becomes a pan-European question is that laid down in the Leamington speech—whether the security of France or Belgium becomes endangered through unprovoked aggression.

The reasons for this are twofold. The first is that we do not consider that any question involving the relative strength or the alliances of France or Germany in eastern Europe, or any aspect of the central European struggle between fascism or communism, or any frontier question in eastern Europe, is of such importance as to warrant plunging Great Britain or the Commonwealth in war. These are essentially European questions which should be settled by Europeans themselves. The root of Europe's troubles lies in its division into twenty-six sovereign States, and there is no British interest or world interest to be served by risking war to prevent internal adjustments in Europe, even by power politics, and so to perpetuate the anarchy that is its bane. If as a result of power politics the twenty-six States came to be grouped into three or four more or less self-sufficient and loosely related groups, like the pan-American system or the British Commonwealth, the world would be a happier and a more peaceful place. We can offer mediation at Geneva, if the issue is taken there, or elsewhere, if it is wanted. But we should make it clear from the outset that in no circumstances shall we be drawn into war over these matters unless the conflict becomes one that raises the question whether or not a single Power seeks to establish a military hegemony over Europe. The line we have adopted over Spain should be the line we should adopt in eastern Europe also.

Our second reason for holding this view is that, in Europe as elsewhere, our policy must be related to our power and cannot be governed entirely by our sympathies. The British navy is, we believe, in a very efficient condition.

POWER POLITICS AND IMPERIAL CONFERENCE

But, as the last war showed, its effect in bringing decisive economic pressure to bear upon an enemy is extremely slow. The British army, on the other hand, is very small and finds difficulty in keeping up to strength. Though it has been reduced in size since 1914, its imperial commitments have increased, especially in the Middle East. The Palestine situation alone may require the presence of the whole expeditionary army as it is now maintained. There remains the air force. The air arm, by itself, is purely destructive. Unless the army can occupy vital territory the air can succeed only by terrorisation. A threat on the part of Great Britain to go to war over eastern Europe, to restrain, say, an attempt by Germany to nullify the French alliances there, would mean in effect a threat to rain bombs on the Ruhr, which would instantly involve the bombing of London by way of reprisal—a mere competition in brutal destruction.

British armed intervention in Europe, therefore, is bound to be quite ineffective, unless it is taken in co-operation with a combination of other nations, inside or outside the League, which is overwhelmingly superior in available military strength to a potential enemy. The support of the Dominions, for instance, except in aeroplanes and pilots, would be of little effect from the point of view of power in the early and possibly decisive stages. The question whether economic embargoes can be used—without serious risk of extending a local war into a world war—to deter nations from warfare, to bring conflicts that may arise over necessary revision to an early close, or to resist aggression, is another matter for serious discussion by the Commonwealth.

IV. THE INFLUENCE OF THE DOMINIONS

WE think a thorough discussion of foreign policy is essential at the forthcoming Imperial Conference for another reason. As armaments increase, foreign problems

THE INFLUENCE OF THE DOMINIONS

inevitably become more and more a question of power. If the Commonwealth is to be secure, if it is to pull its due weight for peace, if it is to avoid being drawn into war for causes that are not worth while or that will find its own people divided, its political and economic leaders must do their best to reach a common understanding as to their common interests, as to the degree of common action upon which they can depend, and as to how the balance of forces really lies. Public opinion is still very fluid on these matters. The champions of a sanctionist League of Nations are inclined to press their own nations to go to war against attempts to alter the *status quo* anywhere by force, though the League has no power to make the revisions that alone can prevent explosion. Communists and fascists long to involve us in the world-wide conflict between these two new political religions. The British Foreign Office and most experts on European affairs tend to become so interested in Europe and so concerned about its future as to be willing to drag us into conflicts that are not our concern and that are far better left to others to settle. Foreign propagandists are ever at work influencing press and politicians. Foreign Secretaries long to stand out as the peace-makers of Europe, when a clear declaration that Great Britain will not intervene at all may be the necessary first step towards a stable European balance—without us. Mr. Eden's utterances since the Leamington speech seem to imply a greater readiness for general European commitment.

Yet the foreign policy pursued by Great Britain must be one that has the assent of all the nations of the Commonwealth. It is essential, therefore, that the attitude the Dominions take towards European and Far Eastern questions should be made clear. They understand, too, far better than Great Britain, the policy and power of the United States—the ultimate balancing factor in the world. In a recent address at Aberdeen, as quoted in *The Times*,*

* January 31.

POWER POLITICS AND IMPERIAL CONFERENCE

Sir Patrick Duncan, the Governor General designate of South Africa, put the point very well. He said :

You are the oldest and strongest member of the Commonwealth. You live nearer to Europe : nearer to the scene of battlefields : nearer to the scenes of those international strifes and controversies which are tearing Europe apart to-day. Do not forget these free peoples overseas who are gathered in association with you. I hope you will not let these controversies in Europe pull you into commitments, even possibly into conflicts, in which it will be difficult for the Dominions to follow you.

It may well be, indeed, that a more fundamental decision is looming up than any that has confronted us since 1920. Is it really necessary that the whole world should remain tributary to Europe, so that if, as in 1914, an anarchic Europe once more stumbles into war, the whole world has to stumble into the inferno after it ? Is it true that if a war starts in central Europe it must inevitably drag first France and then Russia, then Italy and Japan, then Great Britain, then the Dominions and finally the United States into the vortex ? That is the direction in which we are moving to-day. Yet is not an alternative possible ? Might not the pan-American system and the British Commonwealth system, if they both detached themselves from any commitment to any other continental system, form a bloc so strong that no other Power or Powers would dream of attacking it, and economically and politically so stable that it could stand outside a European war, and yet exercise decisive influence in preventing war, in isolating it if it broke out, and in ending it quickly and on reasonably just terms ? If the European complex, which centres about the distribution of armaments and alliances, moves more and more towards a balance of power within itself, if British opinion continues to feel that it is not its business to take part in any European war that does not threaten the existence of France and Belgium, if the United States begins to feel that its present policy of neutrality will not suffice to keep it out of war, once Great Britain is dragged

THE INFLUENCE OF THE DOMINIONS

in, then the creation of such a group of nations, dedicated to the preservation of liberal and democratic institutions, detached from the war-systems of Europe and the Far East, may become a practical possibility. It is precisely questions of this kind which it is the business of the Dominions to compel the Europe-fascinated politicians of Great Britain to face next May.

INTERVENTION IN SPAIN

IN order to see the British Government's policy towards the Spanish war in true perspective we must consider it against the background, not of the circumstances of the moment only, but of the whole course of the war. That course has run on two parallel planes, the one military and Spanish, the other diplomatic and international. It is scarcely too much to say that the first has been but a projection of the second.

I. THE WAR : FIRST PHASE

THE war began with a military insurrection on July 18, 1936. But its roots went back much farther. With the advent of the Popular Front Government, the political balance in Spain had become precariously poised. On the one hand, the forces of the extreme Left tolerated the régime as a convenient façade behind which they could pursue their revolutionary organisation and propaganda. To the minds of the Comintern and its disciples, Spain seemed to be ripening for a communist *vendange*. On the other hand, the forces of the Right feared that their last chance of preventing the revolution might be slipping from them. The army officers in particular dreaded revenge for the Asturias repression, and the overthrow of their whole system as the main bulwark of the old régime. Their hope lay in striking first.

There is plenty of evidence that the revolt of July 18, though possibly hastened by the murder of Senor Sotelo, had been carefully plotted for some time beforehand. Whether foreigners played any part in the plot has not been

THE WAR: FIRST PHASE

revealed, though it was confidently reported that orders for the flight of a number of Italian aeroplanes and their crews to Spanish Morocco had been given on July 17, though it actually took place a week later. The likelihood is, in view of later developments, that some official quarters in Italy and possibly in Germany (which General Sanjurjo had lately visited) were aware of the Spanish army leaders' intentions and had offered their benevolence.

The generals, and whatever sponsors they may have had outside Spain, were clearly disappointed by what happened. Things did not go according to plan. The army revolt was quickly overcome in Madrid and Barcelona and others of the mainland centres, giving the Government control of the capital, the Catalan coast, and—what has ever since been vitally important—the communications between them. The larger part of the navy remained loyal. The Basque Nationalists, though clerical and conservative, stood with the Government, to the rage of the army leaders, who were forced to divert a considerable portion of their effort in the early phase of the war to the reduction of Irun and San Sebastian. Bilbao, with a great part of the Basque coast and hinterland, continued to hold out against them. To the Basque resistance General Mola partly ascribed, in an interview on August 4, the fact that "the fighting, which should have ended on July 26, is taking longer than was planned". These disappointments necessarily had their effect on the international side of the conflict. If General Franco did indeed have backers abroad, they were in a predicament. Active intervention was more than they had bargained for, since they presumably shared his hopes of a swift and decisive *coup d'état*. On the other hand, if the revolt were to fail, the last state of Spain would be from their point of view much worse than the first.

The decision they took became apparent as reports of the arrival of German and Italian aircraft grew more frequent and more confident. It is noteworthy that intervention at this period seems mainly to have taken the form of providing

INTERVENTION IN SPAIN

air forces, which it was doubtless thought would prove decisive against an enemy ill equipped in the air. Apart from air pilots and mechanics, there were no reliable reports of any German or Italian troops with General Franco. The military position was that the rebels had the command of the air (invaluable to them in securing sufficient control of the Straits of Gibraltar to transport their Moorish troops), and the Government had the advantage at sea, while on land an organised and generalised army opposed an ill-equipped militia under weak and inexperienced political leadership. The balance appeared to swing so far in favour of the rebels, in spite of their early reverses, that their friends seemed fully justified in believing that such comparatively limited assistance would be decisive. But of course the delay had given the Government also a chance of obtaining outside help. Levies said to amount to £1,000,000 a month were made upon Russian trade unionists and collectivised peasants for the benefit of "the Spanish workers". There is little doubt that in those early days war material and aeroplanes were shipped to both sides from many quarters, including Great Britain, in spite of prohibitions, licensing systems and official supervision. Volunteers also offered their services in large numbers, predominantly for the Government side.

The dangers of international intervention had not, however, escaped the responsible statesmen of Europe. On August 1 the French Government announced that it had

decided to address an urgent appeal to the principal Governments interested for the speedy adoption and rigorous observation in regard to Spain of a common rule of non-intervention. The French Government had, for its part, so far observed in the strictest fashion the decision not to authorise the export of arms for Spain.

It was not easy for M. Blum's Government to adopt this policy, pressed as it has been all along by its supporters on the Left to throw its weight behind the Government side in Spain. The policy of non-intervention by international

THE WAR: FIRST PHASE

agreement was promptly accepted by Great Britain, and on August 19 she banned the export of arms to either party in the civil war. Favourable replies to the French appeal were promptly received also from Belgium and Russia, while Germany, Italy and Portugal agreed in principle but suggested certain conditions, regarding particularly subscriptions of money and the enrolment of volunteers. These conditions could not then be fulfilled, but eventually, at the end of August, all the European Governments chiefly concerned had agreed to prohibit the export of arms, aeroplanes and munitions to Spain. There were further delays before an international committee could be set up to supervise the working of the non-intervention agreement. This playing for time coincided with an indecisive interval in the civil war itself, between the fall of Badajos to the rebels on August 14 and the surrender of San Sebastian on September 13. Nine days later the battle for Madrid was declared to have begun.

Meanwhile the balance of intervention seems to have been swinging the other way. Naturally the public reports of shipments of war supplies to Spain were incomplete and usually unreliable, but at least a hint was given by the course of the discussions in the International Non-Intervention Committee in London. Its earliest meetings were opportunities for Russia to levy charges of intervention against Germany, Italy and Portugal, whereas by mid-October the Soviet Government was predominantly on the defensive in the exchange of accusations. Indeed, it seems to have thought it necessary to excuse itself: on October 7 it addressed a letter to the chairman of the Committee stating that if violations for the benefit of the rebels were not immediately stopped the Soviet Government would consider itself free from its obligations, and a fortnight later it declared itself unable to "consider itself bound by the agreement for non-intervention to any greater extent than any of the remaining participants of the agreement". Soviet Russia, however, continued to adhere officially to

INTERVENTION IN SPAIN

the agreement. On November 19, in the House of Commons, Mr. Eden stated "categorically that there are other Governments more to blame than either Germany or Italy".

Still more decisive proof of the course of intervention was the actual war news from Madrid. Foreign munitions were known to be in use in both camps, Russian tanks and, later, Russian aeroplanes being prominent on the Government side. In the early stages of the Madrid fighting those tanks possibly played a decisive part in "holding the fort". It is worth remembering, however, that the rebel forces were halted at the banks of the Manzanares, in engagements that seemed almost to have turned the scales of the war, by the Spanish militia, not by the International Brigade; by an ill-armed citizen force, almost unprotected by guns or aeroplanes from the air bombardment that General Franco obviously thought might be decisive, but making the most of idealist courage and the tactical advantages of the terrain.

II. THE WAR : SECOND PHASE

IT was while the Madrid fighting was stagnant that Italy and Germany—simultaneously, in almost identical terms, and after considerable confabulation—announced their recognition of General Franco's Government. The Berlin communiqué ran

Following the taking possession by General Franco of the greater part of Spanish territory, and now that the developments of the past weeks have shown with increasing clarity that there can be no longer any talk of a responsible Government in the other portions of Spain, the Reich Government has decided to recognise the Government of General Franco and to appoint a *Chargé d'Affaires* for the opening of diplomatic relations.

A month later, in reply to a Franco-British memorandum in favour of mediation in the war, Berlin made an even plainer gesture of partisanship.

The German Government (ran the despatch) has by its recognition of the National Government expressed the view that apart

THE WAR: SECOND PHASE

from this Government no other factor in Spain can claim to represent the Spanish people. . . . A reconciliation with ("the party opposing this National Government") would seem scarcely conceivable.

The German and Italian recognition of the Burgos Government has been described as the most flagrant act of intervention in the course of the war. The argument behind this somewhat exaggerated description is this. Although Senor Azana had given way to Senor Caballero, the Madrid-Valencia Government was the continuous successor of the Spanish republican Government recognised by all the Powers, including Germany and Italy. To go on recognising it until it had been overthrown and replaced was but common diplomatic usage as well as continuity of national policy. To recognise a new Government when the old one had unmistakably disappeared would also be common diplomatic practice involving no partisan responsibilities. But to recognise a new Government which had begun as a military cabal, which had not even obtained command of the capital, and which might possibly (if unaided from abroad) be defeated and dispersed, while the great body of Powers still recognised the old régime, was to link the prestige of the recognising Government intractably with that of the recognised.

Apart from its implications in the range of high politics, the decision had troublesome legal consequences which came to a head over the issue of the freedom of the seas. As this is being written, no important Government, whether sympathising with General Franco or with Senor Caballero or with neither, has recognised a state of belligerency in Spain. Therefore neither side in the war has been able to claim the rights of belligerents (including the right to impose a blockade), nor has the law of neutrality applied to third parties. In practice, however, all countries have treated each side in the war as *de facto* government in the area under its military control, with the corresponding territorial waters, and in those waters they have submitted

INTERVENTION IN SPAIN

to such checks upon trade and shipping as any government at war is entitled to impose. It is beyond territorial waters that clashes are constantly liable to arise between the official view of the majority of the world's governments (shared by the Caballero régime), that the latter is a legitimate government engaged in repressing a revolt, and the official view of Berlin and Rome (shared by the Franco régime), that the latter is a legitimate government engaged in clearing up the remnants of a collapsed and discredited faction.

On or about Christmas day the German steamer *Palos*, bound for Spanish ports, was seized and taken to Bilbao by warships of the Basque Nationalist Government. The seizure was said to have taken place outside territorial waters, and even Basque apologists spoke of a "twelve-mile limit". After a couple of days the Bilbao authorities released the *Palos*, but they confiscated part of her cargo which they said was contraband of war, and they kept prisoner a passenger of Spanish nationality whose papers were regarded as unsatisfactory. On New Year's day, as an act of reprisal for this incident, the Spanish steamer *Soton* was driven ashore in evading arrest under arms, in Spanish territorial waters, by the German cruiser *Koenigsberg*. The same day the "pocket battleship" *Admiral Scheer* took into custody the *Aragon*, which with another seized Spanish steamer was later disposed of to the Franco Government, as compensation for the retention of the passenger and part of the cargo of the *Palos*. These incidents exposed not only the high-handedness of German policy but also the anomalies arising from the different national attitudes towards the Spanish contestants. For Germany, the seizure of the *Palos* was an act of piracy, being committed neither by a recognised government nor by a recognised belligerent; on the other hand, if that was so, the proper recourse was direct retribution, not seizure of other ships simply because they also flew a "piratical" emblem, the Spanish republican ensign. For Great

THE WAR : SECOND PHASE

Britain, while the seizure of the *Palos* may have been illegal, her own wartime attitude towards the freedom of the seas might go some way to justify it; whereas the seizure of the *Aragon* was clearly a hostile act against a friendly Power. Thus the German and Italian recognition of General Franco's Government greatly complicated the difficulties arising from the universal refusal to accord belligerent status to the two sides in Spain.

It had, of course, other and more direct consequences. It was the signal for the appearance in Spain of German troops on a large scale. Lack of sufficient troops had been said to be General Franco's chief handicap in pressing his attack on Madrid. Estimates of the number of German troops in Spain before Christmas varied widely, though few put the figure lower than 20,000. On December 21, M. de Kerillis, a leading French publicist of the Right, published in the *Echo de Paris* an estimate of the number of foreign troops in Spain based on information he had obtained at the insurgent headquarters at Salamanca. On the Government side there were said to be 10,000 to 15,000 Russians, mostly regular army units; 10,000 to 12,000 Frenchmen, all volunteers; 2,000 to 3,000 Belgian volunteers, and 2,000 to 3,000 Polish, Czech and German anti-fascists. On the insurgent side there were said to be 5,000 Germans equipped with special arms—aeroplanes, tanks, anti-tank guns and so on—in addition to two regular army divisions containing 20,000 to 25,000 men; 2,000 Irishmen,* and some 2,000 others, including Italian airmen. These estimates, the most detailed published with any claim to authority in the ordinary press, must be regarded with the reserve due to their source. In fact, they are almost certain to have erred in over-stating the number of foreigners then serving on the Government side, even if they did not under-state the number on the insurgent side. In the light of other information, the figure for regular

* This round figure is confirmed by THE ROUND TABLE's Irish correspondent. See below p. 365.

INTERVENTION IN SPAIN

Russian troops seems exaggerated, as Russia's assistance in personnel (like Germany's and Italy's in the earlier months) was known to have taken the form mainly of technicians, airmen, staff officers and key men generally.

III. THE MEDITERRANEAN ACCORD

THAT, then, was roughly the position when the French and British Governments, acting in concert, made their Christmas *démarche* in favour of stopping the flow of volunteers to Spain. There were two main reasons for feeling hopeful that this appeal might meet with success, in spite of the apparent German and Italian determination to help General Franco on a larger scale than ever. The first was the knowledge that Herr Hitler was being faced with an awkward dilemma over his Spanish policy. It was confidently rumoured that General Faupel, who had been sent to investigate the position in Spain, had reported that very much greater assistance (said to be on the scale of four to five more divisions) must be given to General Franco in order to ensure his success. The German general staff, who were known to have been diffident about the whole Spanish adventure, would certainly oppose acting on such a scale, to the injury of the army and to the jeopardising of its prestige. The clash between the views of the Reichswehr and those of the National Socialist party leaders would have to be resolved by Herr Hitler's own decision. The Franco-British move might thus prove a valuable opportunity for him.

The second factor was the approach of a Mediterranean accord between London and Rome. Negotiations to this end had begun in November, soon after Mr. Eden, replying to Signor Mussolini's claim that the Mediterranean was for Italy her very life but for the British Empire only a short cut, had affirmed that "freedom of communication in these waters is also a vital interest in a full sense of the word to the British Commonwealth of Nations". On

THE MEDITERRANEAN ACCORD

January 2 a joint declaration was signed by the British Ambassador in Rome, Sir Eric Drummond, and the Italian Minister for Foreign Affairs, Count Ciano, who had been the principal negotiators. Its text was as follows :

His Majesty's Government in the United Kingdom and the Italian Government :

Animated by the desire to contribute increasingly, in the interests of the general cause of peace and security, to the betterment of relations between them and between all the Mediterranean Powers, and resolved to respect the rights and interests of those Powers ;

Recognise that the freedom of entry into, exit from and transit through, the Mediterranean is a vital interest both to the different parts of the British Empire and to Italy, and that these interests are in no way inconsistent with each other ;

Disclaim any desire to modify, or, so far as they are concerned, to see modified, the *status quo* as regards national sovereignty of territory in the Mediterranean area ;

Undertake to respect each other's rights and interests in the said area ;

Agree to use their best endeavours to discourage any activities liable to impair the good relations which it is the object of the present declaration to consolidate.

This declaration is designed to further the ends of peace and is not directed against any other Power.

The declaration was accompanied by an Exchange of Notes in which Italy gave her word against seeking any change in the territorial *status quo* as a result of the Spanish war.

What was to be read into the Anglo-Italian accord ? It was known to have been preceded by careful and detailed discussions, which presumably covered all the various possible points of conflict between the two countries in the Mediterranean. But British opinion was puzzled and anxious, on the Left because of the alleged implication that power politics ranked higher with us than League of Nations principles which Italy had flouted, on the Right because of the suggestion (promptly denied in official quarters) that undertakings had been given *sub rosa* to restrict our naval and air preparations in the Mediterranean. The lay public found it rather hard to understand the reason for making any agreement that might tie our

INTERVENTION IN SPAIN

hands in an area so vital to the whole Commonwealth; being reluctant to accept its purpose as nothing more than mutual protestation of good intentions, they were inclined to leap to the conclusion that Signor Mussolini had consented to attune his policy towards Spain more harmoniously with that of Great Britain.

It was not more than a day or two before this hopeful interpretation was shattered. The news spread that upwards of 10,000 Italian troops had been despatched to southern Spain, some before and some after Christmas. This was not outwardly very promising for the Anglo-French effort towards ending the supply of fighting men for Spain. Nevertheless the German and Italian replies, received on January 8, were encouraging rather than the reverse, apart from the obvious attempt to score an argumentative success. Their gist was that the two countries favoured the withdrawal of all foreign "combatants, political volunteers, propagandists and agitators" from Spain, and would themselves ban volunteering provided all the other nations concerned did the same, other forms of intervention such as money subsidies or propaganda were dealt with, and a system of unconditional effective control was agreed on. The British Government was so far satisfied with these replies that it promptly sent a Note to all Powers on the Non-Intervention Committee urging immediate action, and itself invoked the Foreign Enlistment Act to prevent the recruitment or departure of volunteers for Spain. A few days later M. Blum secured the passage, by unanimous vote in the Chamber, of a Bill with similar intent, but coming into force only on a date to be fixed under international agreement. Without this proviso, of course, the Bill might never have passed—certainly not unanimously. The Soviet Government likewise refused to act unilaterally. It is only to be supposed that Senor Caballero's friends as well as General Franco's were making every effort, in anticipation of a ban, to accelerate the help they were rendering; indeed it was reported that anti-fascist

THE MEDITERRANEAN ACCORD

volunteers were pouring over the frontier in January at an even greater rate than the fascist reinforcements. Meanwhile the German and Italian replies were held up while General Goering and Signor Mussolini conferred in Rome.

In making up their minds—and it is noteworthy that this was one of the occasions on which the democracies surpassed the dictatorships in swiftness of decision and action—the German and Italian Governments were doubtless influenced by four main factors: first, their hatred of Moscow and the linking of their prestige with that of General Franco; second, the cost and danger of indefinitely expanding their commitments in Spain; third, the probability of their protégé's victory if a ban on further help to either side were forthwith imposed; fourth, the degree to which France and Great Britain were resolved to press their policy of non-intervention under international control. The last factor remained obscure. In recommending his Bill for the prevention of volunteering M. Blum spoke strongly in favour of effective international control.

But, needless to say (he said), if it proves impossible to arrive at an effective international agreement the French Government will be obliged to examine the problem in a different light.

This was widely interpreted to mean that France would institute her own system of control. But it was also consistent with the view that France might have to give up non-intervention altogether.

The result of the German and Italian cogitation was made known on January 25, when similar Notes were delivered by the two Governments in reply to the British Note of January 10. The German Government declared that it had already prepared a measure to prevent recruitment in Germany for the Spanish war, in anticipation of agreement by the London Non-Intervention Committee on the character of the non-intervention to be enforced, the system of control, and the date at which the measures

INTERVENTION IN SPAIN

would come into operation. Both countries renewed their demand for the removal from Spain of all foreign participants, civil and military, in the civil war, "in order to restore the position of August last year". While the Committee faced this task, the weight of the Italian troops was being felt in the insurgents' advance in the south.

IV. THE BALEARICS AND MOROCCO

MEANWHILE, both British and French policy had been powerfully influenced by another aspect of foreign intervention in the Spanish war—the future control of those outlying portions of Spanish territory or spheres of influence which are of vital strategic importance. From the earliest days of the war, anxieties were entertained in informed circles in Britain and France over the destiny of the Balearic Islands and the Spanish Zone of Morocco. A hostile air or naval base in the Balearics would mortally threaten the communications of France with her African colonies, and would be a grave obstacle to British naval control based on Gibraltar. Even more menacing would be hostile command of Spanish Morocco. If Ceuta were developed as a rival Gibraltar it would have the positive advantage over the latter of being backed by an ample hinterland. Bases at Melilla or Tetuan would be just as damaging to Franco-British naval security as bases at Palma. The Atlantic coast of the Spanish Zone (not to mention the Canary Islands or the Rio de Oro) confronts the French route to West Africa and the British route to the Cape. Moreover, the zone would be a unique vantage point for anti-British and anti-French propaganda among the native peoples of north Africa, and by this as well as by direct means a hostile influence could put in jeopardy the landward and internal security of French Morocco and Algeria. Before the war, when the future of north Africa was in the melting pot, it was an essential principle of British policy that no great Power—not even France, and

THE BALEARICS AND MOROCCO

certainly not Germany—should command the coast of what became, as a result of Franco-British diplomacy, the Spanish Zone of Morocco. The British Government, through its spokesman Mr. Lloyd George, was prepared to bring Europe to the verge of war by its vigorous reaction to the German demonstration at Agadir.

It was not surprising, therefore, that Downing Street and the Quai d'Orsay should have been anxious when German and Italian intervention, in favour of a Spanish military insurrection that had been largely based on the Balearics and Morocco, showed which way the wind might blow. The anxieties were reinforced by the actual course of events. In the early days of the war, German warships became virtually stationed on Ceuta and Melilla, where their companies openly and even formally fraternised with the insurrectionaries. Early in September it was reported that Italian war materials had been landed in Majorca on a large scale. The well-known fascist leader, Count Rossi, was known to be virtually in command of the island, where he promoted fascist organisations, from battalions of eight-year-olds to a conscript army, and suppressed the Catalan language and Catalan loyalty. On September 12 the Foreign Secretary instructed the Chargé d'Affaires in Rome to inform the Italian Government that "any alteration of the *status quo* in the western Mediterranean would be a matter of closest concern to His Majesty's Government". The reply was that "the Italian Government had not, either before or since the revolution in Spain, engaged in any negotiations with General Franco whereby the *status quo* in the western Mediterranean would be altered, nor would they engage in any such negotiations in the future". This assurance was confirmed in the Exchange of Notes of December 31. The Italian Foreign Minister added his undertaking that, "so far as Italy is concerned, the integrity of the present territories of Spain shall in all circumstances remain intact and unmodified".

Almost immediately afterwards the lid blew off the

INTERVENTION IN SPAIN

cauldron of Franco-British fears over Morocco. Previously the complaints had been chiefly of German economic penetration in the Spanish Zone, in some directions amounting almost to monopoly, and of propaganda among the Arab population. On January 8, however, the French Ambassador informed Mr. Eden that "his Government had received news of the impending arrival in the Spanish Zone of Morocco of a strong contingent of German volunteers . . . that preparations for their reception in the form of barracks and food supplies was being made, and that German engineers were engaged on fortifications near Ceuta".* The same day it was officially announced in Paris that the Government had "reminded the Junta at Burgos of the stipulation of the Franco-Spanish Treaty of 1922, forbidding the two Powers to permit foreign troops to enter Moroccan territory". The German press indignantly denied the French charges, and feeling ran high on both sides.

There was general relief when Herr Hitler assured the French Ambassador, on January 11, that Germany had no designs on Morocco and had no intention of violating the integrity of Spain or of Spanish possessions.† This led on to an invitation from the acting High Commissioner in the Spanish Zone of Morocco to the French and British authorities to send military officers through the zone to discover for themselves what was happening. The invitation was accepted, and the reports received as a result of the visit were cautiously described by Mr. Eden as "generally of a reassuring character, so far as concerns the alleged landing or preparations for landing of German troops". This was confirmed by the *Times* special correspondent, who reported that :

At Ceuta there was no evidence visible of any serious work on the fortifications near the town. . . . The general impression gained

* Mr. Eden in the House of Commons, January 19, 1937.

† Legally the Spanish Zone of Morocco is not a Spanish possession or even protectorate, but a Spanish-administered part of the Empire of the Sultan of Morocco, who is under French protection.

THE BALEARICS AND MOROCCO

from this north-eastern area is that military activity is normal and wholly Spanish; but that Germans are active at Tetuan, which is the commercial centre. . . . Air activity is almost wholly German, and is far from being purely commercial . . . *

A similar account was given by Lord Cranborne in the House of Commons on January 27. As far as could be ascertained, he said, the number of Germans at Melilla and the air bases was about 150, but it was understood from the military commandant that their number varied considerably from day to day. Access to the aerodromes had been forbidden to the British investigators.

The dangers of foreign control in Morocco thus seemed to lie mainly in the future. Herr Hitler's and Signor Mussolini's promises are not to be ignored, but their scope must not be exaggerated. They refer to the strictly territorial integrity of Spain and Spanish Morocco; they do not rule out the possibility of economic, political and military monopolising of the Balearics or the Morocco Zone by Italy or Germany under the nominal sovereignty of a puppet state. Signor Mussolini even hinted that he might use the understanding with Great Britain as a pretext for open intervention in Spain if a "Soviet state" were erected in Spain or in part of Spain, an eventuality which he would regard as a violation of the Mediterranean *status quo*. Indeed it is not certain that in this the British Government might not sympathise with him. At present, Germany and Italy, in continuous diplomatic collusion as they are, seem to present the most direct threat to the military security of the British Empire, and Russia appears as a useful counterbalance. But that condition may not endure for ever; with a few more turns of the European wheel of fortune, which in the past generation has deposed first monarchy and then republic in Germany, has created democracies and destroyed them, has partitioned Austria-Hungary, bolshevised Russia, and turned the Sick Man of Europe into a strong dictatorship, there may come a time

* *The Times*, January 13 and 18, 1937.

INTERVENTION IN SPAIN

when our chief fears in Europe will be directed against Russia, as they were for the greater part of the century preceding the world war.

V. BRITISH POLICY

THUS even the strategic considerations alone do not all point in one direction. They may make disinterestedness impossible for the Empire, but they do not thereby make intervention more desirable. The ideological war is a war between two enemies of British ideas and British institutions. If, according to our different political opinions, we reserve the worst of our gall for one—for communism or for fascism—that is no good reason for spilling our blood on behalf of the other. There has been a tendency among the British parties of the Left, who detest fascism and sympathise with the Russian experiment, to call for intervention in Spain on the side of Caballero, in the name of freedom. Freedom for Spaniards? Freedom for all Spaniards might indeed be a cause to stir self-sacrifice, but it must be freedom from the dictatorship of the proletariat—that is, of the communist party—as well as from the dictatorship of a fascist oligarchy. Freedom for Englishmen? War is the grave of freedom, and every act of intervention in the civil war increases the danger of international war. Behind the ideological clash lies the infernal mechanism of power politics. As often as not the one is but a cloak for the other. To take sides in Spain is to take sides in the European balance of power, and to fight on either side in the ideological war is to play the game of the dictators.

Imperial unity would be impossible behind such a policy. The Dominions would be perplexed by its motives, and if it dragged us into war—as well it might—they would be reluctant to assist us. A split in the British Commonwealth is a far more serious danger, to the British Commonwealth, than any possible outcome of the war in Spain.

BRITISH POLICY

Possibly, the Spanish war is moving to an end. But the problem of British policy in this test case is of permanent importance. Barring intervention, the choice lies between two courses. The first is a purely national policy of non-intervention, combined with willingness to co-operate in any international measures to secure non-intervention that may be supported by all the other countries concerned. The second is the more positive policy of insisting upon all-round non-intervention, and backing that insistence with our diplomatic and, if necessary, our martial power. It would involve using the British navy to help in enforcing such measures of control as could be agreed upon by ourselves and the other non-interventionist Governments of Europe, with or without the co-operation of Rome, Berlin, and Moscow.

The choice between the two courses is thus a choice between one set of risks and another: between the danger of our being faced eventually by a puppet Spain, dominated by some potentially hostile dictatorship, entrenched at the mouth of the Mediterranean and alongside the route to the Cape, and the danger of our being faced much sooner by war as the only alternative to humiliation, should our policy of enforcing non-intervention be challenged by a reckless Power. It is not easy to determine which of these risks weighs the more heavily. Many observers claim that the danger of German or Italian military penetration on Spanish territory has been immensely exaggerated. Neither country, exhausted by its efforts in the Spanish war on top of its vast problems of "guns and butter" at home, would have the means, it is said, to establish itself in Spain or Morocco in face of the patriotism of the Spaniards and of the Moorish tribes. Others claim that the danger of war through enforcement of international non-intervention has also been exaggerated, since neither Germany nor Italy, certainly not Russia, is ready for a trial of strength with an Anglo-French bloc. There would be "incidents," outbursts of fury, but if we held our ground we should, it

INTERVENTION IN SPAIN

is argued, score a durable victory over anarchy and power politics in Europe, and save Spain for the Spaniards.

The weakness of British foreign policy is not due to a false choice between one set of risks and another. It is due to the apparent failure to see the risks until it is too late, until humiliation is the only escape from the consequences of sticking to our guns, which we suddenly realise are still too few to guarantee our security. That was what happened over Abyssinia, and that is what has been in constant danger of happening over Spain. The courage of our convictions, in a world of power politics, is limited by the strength of our defences.

One further reflection is prompted by the events in Spain and the way in which British policy has been forced by those events to develop. Their lesson is that nowadays wars and threats of war in Europe may not happen in anything like the 1914 manner, with ultimata, mobilisations, open violations of frontiers. Rather there may be a mutiny, a riotous election, a sectional uprising either spontaneous or engineered, and before the general public have had time to gather their wits foreign troops and munitions are everywhere. The outcome then is a desperate gamble, with world war and the future of civilisation as stakes on the table. If that is the kind of possibility we have to guard against in Europe, neither the sanctions technique of the League of Nations, nor the pre-League technique of neutrality and non-intervention, is sufficient by itself to determine the lines of our policy, and the policy of the Dominions. Both the League of Nations principle and the neutrality principle have played a vital part in solving the difficult problems of British Commonwealth relations in matters of foreign policy since the war; hence this new phase in international affairs will have to be earnestly and realistically considered by the Commonwealth statesmen when they meet in conference this year.

CHINESE COMMUNISM: THE SIANFU INCIDENT

NEWS about the Chinese communists appears in the European press only sporadically. Yet in every turn of policy of the Nanking Government, in every one of its major decisions during the past six years, the communist problem has been an important consideration. Its foreign policy, for example, cannot be fully understood except in the light of the communist civil wars. The communist party is a kind of *eminence grise* of China—seldom seen or reported, but exerting an influence which, if indirect, has been profound.

I. THE KIANGSI SOVIET

THE Chinese communist movement is, in origin, a rising of the peasants, similar in many respects to the *Jacquerie* in fourteenth-century France or the rebellions in Germany at the Reformation. That it is called communist is due to its drawing colour from its times. A peasant rising would probably have taken place in China even if there had been no Bolshevik revolution in Russia. Sovietism supplied the slogans for the peasant armies, but these armies might have been recruited as easily under other banners; they came into being less in response to an ideological appeal than as a result of the destitution of the peasants; and their leaders, far from seeking to imitate the state socialist programme of Russia, have based their appeal and policy on the Chinese situation and the psychology of the Chinese farmers.

As with all mass movements, the causes of Chinese

CHINESE COMMUNISM: THE SIANFU INCIDENT

communism are partly political, partly economic, and lie some distance back in Chinese history. With worsening economic conditions, a section of the population became disposed to revolt. Political circumstances gave them an occasion.

The recent history of China begins with the revolution of 1911, which overthrew the Manchu dynasty. This revolution, made by an ambitious general allied with a group of intelligentsia, was the last of the succession of revolutions that, beginning in France, swept during the nineteenth century through almost all the civilised world—literally from Peru to China—their object being the substitution of parliamentary and democratic institutions for autocratic government.

The Chinese intelligentsia in 1911 were interested in changing the political system. Yet what made their revolution possible—though few of them understood this—was not the desire of a large part of the population for constitutional government, but the distress in the countryside, the inability of the Manchu administration to bring relief, and the consequent feeling of the classes on which the dynasty reposed that its defence was no longer worth while. China is an agricultural country, and its strength or weakness, tranquillity or disorder, depends ultimately on the well-being of the farmers. At the opening of the twentieth century the country was experiencing an acute agrarian crisis. A long period of peace (broken only by the Taiping rebellion in the south and the Mahommedan rebellion in the north-west, which were a kind of prelude to the disturbances of the present time), had caused the population to expand. China as a whole was probably not over-populated. Much cultivable land was still lying waste; but to break it in required a capital investment and an organised effort greater than the farmers, on their own initiative, were capable of making. The richer agricultural areas became increasingly congested; and at the turn of the century, in the provinces south of the

THE KIANGSI SOVIET

river Yangtze, at least half the holdings were no larger than one English acre. From such diminutive farms five or six persons had to find a living. Simultaneously the domestic industries, which had been a source of income nearly as important as agriculture and to some extent a compensation for the shortage of land, were depressed and in many areas completely destroyed by the inflow of factory-made commodities. Increasing poverty intensified the sense of grievance against a rack-renting tenancy system and a credit and marketing organisation by which the peasant was systematically fleeced. The problem of tenancy in China is on an entirely different plane from the problem in western countries such as England or Canada. Cultivating fairly extensive areas, farmers in these countries dispose of large crops, and can afford, without the risk of real want, to part with a portion of them as rent. But a Chinese family dependent for its living on a single acre is already on the subsistence level. To be compelled, out of a miserably poor income, to pay a considerable part to the landlord—40 per cent. of the main crop in 1911, and in later years much more—was regarded by the tenant as an almost intolerable grievance.

It is true that the Chinese farmer, compared with the European peasant of two hundred years ago, was a free man; there was no feudal system. It is true also that there were no *grands seigneurs*, and that the number of immensely wealthy land-owners was few. The landlords were mostly small men; those who had an income the equivalent of £500 were considered distinctly well off. It mattered little to the peasant, however, whether his landlord was an Esterhazy or a small rentier; it made his rent no smaller, the interest rate no lower. Chinese rural society was thus divided into two classes: the peasants tilling the soil; and the rural gentry, most of them by no means wealthy by our standards, but deriving their incomes from the rent, the interest, and in the case of officials the taxes, paid by the peasantry, and in return performing the services

CHINESE COMMUNISM: THE SIANFU INCIDENT

of maintaining the credit and marketing system, of running the local administration, and of maintaining the national culture and scholarship. The value of their services should not be underrated; but the bill they presented to society tended to be excessive.

The revolution of 1911 brought, and could have brought, no relief of the rural crisis. If parliamentary government had been established, the last thing the parliament would have discussed was land reform; for nearly all the members of a Chinese parliament were landlords. In fact the revolution failed to achieve even its political objects. And as a result of that failure—the passing of power into the hands of the war-lords, the break-up of the old administrative system, the collapse of the old morality and spread of cynicism among officials—the situation in the countryside still further deteriorated. Rents in some provinces rose to be 70 per cent. of the crop; and what the farmer was able to keep back from the landlord and the money-lender he was forced to pay to the tax collector.

A new period began in 1927 with the success of the Kuomintang, which was the old revolutionary party of Dr. Sun Yat-sen. After reorganisation, and with Russian aid, it had consolidated its position in South China, seized the Yangtze valley, and set up the National Government at Nanking. At first, by its attack upon the old style buccaneering war-lords, the Kuomintang rallied to itself all the radical groups in the country. Among these was the Chinese Communist party, which, founded in 1920, consisted chiefly of younger members of the intelligentsia (for the most part themselves the sons of the rural gentry) who had come under the influence of communist writers. The nucleus of the Kuomintang was, however, a professional military class and the substantial *bourgeois*. Though by no means obscurantist, and though genuinely determined to transform the old society—if possible, to turn China into something rather like modern America—these classes were opposed to drastic measures, especially

THE KIANGSI SOVIET

to drastic measures against the land-owning interests. When the communists began organising rural soviets, the Kuomintang expelled them and took measures against them that have been described, not unjustly, as a white terror.

Thus began the civil war between the communists and the Government. For the time the communists went underground. From their experience in working with the Kuomintang, they had come to appreciate the intensity of the discontent among the farmers, and to realise that their best chance of reaching power was through a farmers' revolt. Concentrating their efforts on Kiangsi—a province in central China which, because of the suitability of its terrain for guerilla warfare, had become a centre for bandits and mutinous soldiers—by means of intensive propaganda they crystallised the general bitterness into a revolutionary movement. When, in 1930, the attention of Nanking was distracted by a revolt in north China, the communists managed to set up a soviet government over a large part of the province, and heavily defeated a punitive expedition sent against them.

The soviet lasted four years. It was in many ways the most peculiar government to be found in Asia. It re-cast the structure of society; organised a currency; changed the marriage and family system; maintained universities and schools. Soviet printing presses turned out a large literature, including two daily newspapers. The Lytton Commission reported :

Communism in China not only means, as in most countries other than the U.S.S.R., either a political doctrine held by certain members of existing parties, or the organization of a special party to compete for power with other political parties. It has become an actual rival of the National Government. It possesses its own law, army, and government, and its own territorial sphere of action. For this state of affairs there is no parallel in any other country.

Yet, during all this period, it was easier for a European—at least a European from a capitalist country—to visit

CHINESE COMMUNISM: THE SIANGSI INCIDENT

the remote corners of Tibet than to penetrate into soviet territory. Kiangsi was a sealed state—sealed both by the blockade of the Nanking Government and by the Red frontier guards. The details of the soviet system have had to be learned at secondhand, from the biased publications of the Nanking Government, the biased publications of the communists, and the interrogation of farmers in the recovered areas.

Even on the extent of soviet rule there is no agreement. The communists claimed in 1931 to control sixty million people; actually, it seems that the number under their direct and continuous government was five or six millions, though the population on the fringe of red territory, which from time to time and for short periods was sovietised, was probably as large again.

The record of the soviet government is a combination of the detestable and the admirable. In some respects, Kiangsi seems to have resembled Plato's Republic; in others, a shambles. On the government's debit side is to be placed an extraordinary disregard for human life, a striking example of which was the execution, at one week-end, of 4,500 persons, not out-and-out opponents but members of the Communist party who had been guilty of a "deviation". The soviet state was based on class war; when a district was occupied the support of tenants and debtors was bought by the sacrifice of the gentry; the blood of the landlords was the need of the soviet state. It is, however, only fair to recognise that atrocities were more often inspired by private vengeance, the result of years of oppression, than sanctioned by the authorities.

On the credit side is to be reckoned a land policy that although brutal in its execution was not unsound in its general aim, and an education policy that might be imitated with advantage by the Nanking Government. In the present circumstances of China no lasting peace is possible without a drastic curtailment of the rights of land-owners; the dividend from agriculture is too small to sustain both

THE KIANGSI SOVIET

the cultivating farmers and the rural gentry. The communist land programme was the violent one of eliminating the land-owners by expropriation and banishment; though the method may be deplored, the result—the creation of a nation of small-holders, of yeomen farmers—is what the Nanking Government must, if it is to survive, find some way, though a more equitable way, of achieving.

The merits of the education policy need no qualifying. Education is the first condition for the reconstruction of rural China. Health services, a co-operative movement, agricultural aid, can realise only a part of their usefulness as long as the peasantry is illiterate. The communists showed remarkable ingenuity in popularising their schools and in reducing their cost. A feature of their system was to train the children first, and to use them, organised in bands of "pioneers" on the Russian model, to educate the rest of the community. So successful were the methods employed that, whereas before the communist occupation 70 or 80 per cent. of the peasantry had been illiterate, it was found, after the reconquest, that in many areas a similar proportion could now read and write.

To what extent the Kiangsi programme was influenced by the U.S.S.R. or the Comintern is quite uncertain. It seems well established that there were, at least for a time, three or four Russian advisers in the province, and that the soviet was in touch by wireless with Vladivostok. But aid in money or materials, if it was given at all, was certainly very limited. The general impression is that Moscow, for the past three or four years, has been friendly disposed towards Chiang Kai-shek; and it is believed that, if any advice has recently been given to the Chinese Red Army, it has been directed towards the creation of a Chinese popular front.

CHINESE COMMUNISM : THE SIANFU INCIDENT

II. THE MARCH TO THE NORTH-WEST

IN 1934 Kiangsi was finally reoccupied by the troops of the Nanking Government. The communist army—the Chinese Red Army—had shown great skill in defence. It was recruited from farmers and from soldiers mutinying against Nanking, and its discipline, both in war and in its relations with the civilian population, was very strict. It does not seem to have numbered more than 120,000 men, its size being limited not by lack of recruits but by lack of rifles. It possessed no artillery, and except for a very brief time no aircraft; and though in the early days of the Soviet it was able to import ammunition from the coast it depended, when the blockade had been tightened, upon supplies handed over by deserters from the Nanking troops, or obtained by purchase from corrupt officers on the Government side. Nevertheless, by guerilla tactics, by extreme mobility, by surprise attacks (in which radio was used to co-ordinate the movements of its units), and by first-class intelligence and espionage, it offered a surprisingly formidable resistance to the immensely more powerful armies of the Nanking Government. Its achievement is a proof that, on a certain kind of terrain, troops armed with machine-guns and skilfully handled are a match for even the best equipped modern armies—a significant fact in case of war between China and Japan. The Nanking troops, for example, found that in mountain country they could make little use of aircraft; their eventual success was won by road-building and by a system of block-houses which the communists, being without artillery, could not destroy, and which prevented the lightning raids on which the communist strategy was based.

The length of the campaign caused some speculation whether Nanking was using all its efforts to end the war as quickly as possible. The reconciling of the *bourgeois* element in the Nanking Government to a large standing army, the direction of the greater part of the public

THE MARCH TO THE NORTH-WEST

expenditure to military purposes, and the increase in the rôle of the army in politics—these are not the least important effects of the communist wars.

Upon being driven out of Kiangsi, the Red Army, about 100,000 strong, divided into sections, and by marches that were a considerable military achievement moved towards the north-western provinces. It was noticeable that, in the course of its manœuvring, it entered two provinces, Szechuan and Shansi, in which the Nanking Government had for long wished to increase its influence; and that the local generals, faced with the choice of extermination by the communists or aid (on conditions) from Nanking, chose the latter.

In the second half of 1936 the different sections of the Red Army, of whose combined strength there are the most varying estimates, reunited in the provinces of Shensi and Kansu. A first contingent had arrived in Shensi a year previously; and, settling in the north, where agrarian exploitation was especially acute and where soviets had already been organised by students from Peiping, began to erect a new soviet state. There was, however, one great change. In Kiangsi interest had been centred on the class war; in the north-west it was centred upon war with Japan. In Kiangsi, the communists had appealed for support to the proletariat and the tenant farmer; in the north-west, appealing for a national front against Japan, they promised respect for the life and property of all but the most substantial and most hated of the gentry. Either because they believed that there would be no chance for a communist revolution in a China dominated by Japan, or because they were more nationalist than they were communist, or because they saw in the revival of national feeling in China the best instrument for embarrassing the Nanking Government, they came out in new colours as Chinese National Champions. In a series of manifestoes, of which the most striking was issued on May 5 of last year, they asked for an armistice from the

CHINESE COMMUNISM : THE SIANFU INCIDENT

Nanking Government; suggested a conference in order to decide on joint measures against Japan; and offered in the event of war with Japan to serve under the orders of General Chiang Kai-shek.

The changed policy of the communists—as was perhaps intended—increased the political difficulties of General Chiang. Hitherto he has based his government on the support of four groups: the officer corps of the Nanking armies, the leaders of the Kuomintang (through whom he controlled the party organs), the Shanghai bankers, and the rural gentry, whose influence, though threatened, was still very strong. His programme was to increase the power of the Nanking Government; to modernise its machinery of administration; to fit China with the apparatus of modern civilisation—roads, railways, air services, industries. The rural crisis he proposed to meet by combining a progressive land tax, which would induce land-owners to reduce their estates, with the development of the co-operative credit movement, which would provide farmers with cheap funds to purchase the land thus thrown on the market. His foreign policy was to oppose Japanese aggression—but not to the point of war until he had so built up the army as to have some hope of success.

In December occurred the kidnapping incident at Sianfu. The communists had probably no direct hand in this; but Chang Hsueh-liang had certainly in mind the possibility of a united front with them; and communist influence and prestige have increased. The significance of the incident has not been sufficiently stressed in the European press; in China it is expected to lead to a reconstruction of the Government, with far-reaching effects on internal and international politics. The causes of the kidnapping of Chiang Kai-shek and some of the possible consequences are described in the following section by a correspondent in China.

THE SIANFU INCIDENT

III. THE SIANFU INCIDENT *

IT is to-day the fashion to ascribe every political crisis in China to the influence of Japan or Russia. But the plain fact is that the drama that was staged in the remote and wintry province of Shensi was simply a Chinese family affair. The Japanese watched eagerly, but slightly bewildered, from the stalls, the Russians had dress circle seats in company with the rest of us. European commentators thought it incredible that Chiang Kai-shek should have blundered into his predicament at Sianfu. But the simplest explanation appears to be the correct one. Chiang Kai-shek is by no means infallible; and he overplayed his hand at Sianfu.

The situation that arose there had been blowing up for more than a year. Chang Hsueh-liang's troops left their homes and families in Manchukuo. They have no cause to respect Nanking, and their commanders owe no loyalty to Chiang Kai-shek. Chiang Kai-shek sought to employ their superfluous energies in fighting the Chinese Red Army in Shensi. They showed no great enthusiasm for this task. Their ultimate concern was to get back to Manchuria; their immediate objective was to make themselves comfortable where they were. They were short of funds; Chang Hsueh-liang could not supply them himself; for the past year or more there has been an insistent demand for an increased subvention from Nanking—a demand which Chiang Kai-shek was unwilling or unable to satisfy.

Some of Chang Hsueh-liang's officers lent a sympathetic ear to the propaganda of the National Salvation Association—an underground society supported by disgruntled elements among the intelligentsia and certain political factions which are left in the cold by the self-appointed oligarchy in Nanking. There is no doubt that Chang Hsueh-liang himself became involved in the movement.

* This section has been contributed by a correspondent in China.
—Editor.

CHINESE COMMUNISM: THE SIANFU INCIDENT

Its platform—active resistance to Japan and a broader basis for the Nanking Government—has a wide appeal. All political factions in opposition to Nanking advocate resistance to Japan.

The Manchurian troops—short of supplies and exiled from their homes—felt that they were in much the same situation as their fellow Chinese in the Red Army whom they were ordered to exterminate. Both were armies at large, loosely associated with identical elements in other parts of China. The principal motives of some of Chang Hsueh-liang's commanders may have been mercenary. Yang Hu-cheng—commanding the original Shensi garrison—probably hoped to use the occasion to strengthen his own position. But Chang Hsueh-liang himself was convinced of the futility of fighting the communists and genuinely dissatisfied with the policy of temporising with Japan. As long ago as last October he warned Chiang Kai-shek that the Shensi situation was almost beyond his control. Although the nominal leader of the revolt, he seems to have been carried into it, half-protesting, half-willing, by his own officers and by Yang Hu-cheng.

Chiang Kai-shek precipitated the crisis by his dictatorial methods, and by his tactless way of dealing with a patriotic student demonstration in Sianfu. His dramatic release on Christmas Day was due to a combination of three factors—his lucky star, resolute action taken in Nanking, and the personal character of Chang Hsueh-liang. Part of his good fortune lay in the fact that the Shensi revolt was unsuccessful. Help was expected and eagerly sought from provinces in other parts of China. But no support was forthcoming: even the recalcitrant generals in Kwangsi stood fast. They learnt their lesson last summer when the North-West failed to respond to the overtures made on that occasion by the South.* The ill-assorted group of politicians and militarists who found themselves at the helm in Nanking decided to march Chiang Kai-shek's trained divisions upon

* See THE ROUND TABLE, No. 104, September 1936, pp. 688 *et seq.*
306

THE SIANFU INCIDENT

Shensi. This concentration of central Government troops had a sobering effect in Sianfu.

Nanking persistently stated that no political bargain was struck at Sianfu. Chang Hsueh-liang demanded a less compromising attitude to Japan and the summoning of a general conference at Nanking to discuss national policy, in which all political elements, including the communists, would take part. There is little doubt that Chang Hsueh-liang came down to Nanking with the feeling that Chiang Kai-shek had experienced a change of heart. But the cleavages that have now come to the surface in the Kuomintang and among Ministers in Nanking have shaken Chiang's position—at least for the time being. His personal inclinations remain a mystery; but he probably emerges from his Sianfu experience a wiser and more tolerant autocrat. This may eventually bear fruit.

The alliance between the Chinese Red Army, the National Salvation Association and Chang Hsueh-liang—focussed at Sianfu—may perhaps be described as the nucleus of a Left bloc in opposition to the militarists and monied elements in control of the Nanking Government. Apart from domestic considerations, an avowed compromise between Nanking and the communists is ruled out of court on account of its possible repercussions on Japanese policy. To Japan a communist is always a communist and as such beyond the pale. But it is conceivable that Chiang Kai-shek, in order to strengthen his own position, may be compelled to adopt a sterner policy towards Japan. How far dare he go in meeting the forces arrayed against him, both inside and outside the Kuomintang, without inviting another onslaught from the Japanese military machine?

THE BIRTH RATE AND THE EMPIRE

IT would be interesting to consider what part has been played in the development of modern economic and social ideas by man's boundless and unquestioning confidence in the indefinite expansion of his numbers. This confidence must have been a strong stimulus to those ideas of inevitable progress which still linger in liberal minds in western Europe; it undoubtedly still plays a part in the calculations of business men and philosophers. And political parties, when they expand their programmes of social services for the population, seldom stop to think how far these services may be superfluous fifty years hence; nor do they consider, for the most part, how the cost of these services is to be distributed in the future. Yet, if present population trends persist, nothing can be more certain than that some of our schools, teachers, trains, reservoirs—perhaps many of our houses—will be superfluous; that a smaller proportion of the population will be supporting the expenses of the "paternal state", whose burdens will grow year by year as a greater proportion becomes incapable, by virtue of age, of self-support and contribution to national income.

There is obviously a simple argument, based on pride of race and considerations of man-power, for feeling alarm at the figures. There is also an obvious but fallacious argument for the view that the British Isles and the world in general are over-populated; that many of the world's troubles—for instance, the ambitious foreign policies of Italy and Japan—are caused by the pressure of population on space. What has not yet been generally considered is

THE PROBLEM IN GREAT BRITAIN

the probable result of a rapid decline in population upon an economic system of the type that we have in the British Empire. The political dangers of leaving the Dominions so under-populated that they offer a tempting contrast to the crowded nations of Europe and the East are obvious. But the economic dangers of a general decline have still to be examined. The present article does not undertake this highly specialised and difficult task, but suggests some lines of investigation that should be followed up by experts.

I. THE PROBLEM IN GREAT BRITAIN

LET us first survey the alarming situation in Great Britain itself. There is yet no evidence to suggest that the British population will in the future maintain its numbers. The small family has become the rule in those strata of the population that set social fashions. All the circumstances of the higher economic classes encourage the deliberate limitation of families: their housing, their educational standards, their social standards, the domestic servant problem, the changed status and outlook of women, the higher standards of amusement and leisure activities, which take the parents out of the home.

At the most fertile period of population expansion in the last century, between 1851 and 1860, the rate of natural increase of births over deaths in Great Britain was 15.1 per thousand. That rate is now between 3 and 4 per thousand. To appreciate the importance of this decline for the future, it must be emphasised that the key to population changes must be sought in the statistics dealing with women between the ages of 15 and 45. If a population is to maintain itself it must clearly maintain its proportion of women capable of child-bearing. It is not enough, moreover, that every 1,000 women should produce 1,000 girl babies within the fertile thirty years; for some of the new generation will die before they reach maturity. Yet there has been a disastrous fall in the "specific fertility rate". In 1871, on the average,

THE BIRTH RATE AND THE EMPIRE

1,000 women produced 292 children per annum; two years ago, 1,000 women were producing 110 children. There is no sign of improvement as yet. The critical factor is what is known as the net reproduction rate,* which represents the ratio of each succeeding generation of women of child-bearing age to its predecessor. Our net reproduction rate is below unity. In fact, only three European countries show a rate above unity: Bulgaria, Italy and Russia. In England and Wales the rate was 0.734 in 1933. To realise the full significance of this figure it must be understood that the situation created by it gets rapidly worse with time. By the end of the century, if present trends continue, not merely will the British population be only half its present size, but 64 per cent. of the women will be over child-bearing age. To those who deny the urgency of the problem it must be pointed out that the present tendency to stagnation of numbers is the result of factors that were active as long as thirty to fifty years ago. In short, at our present birth-rate we shall lose a quarter of our population per generation, once the decline begins. And that will be very soon.

Dr. Leybourne, with a not unreasonable set of assumptions,† foresees a decline of 12 millions in the next forty years. Another more pessimistic estimate puts the population at under 20 millions a hundred years hence. From the political and financial point of view, the age-distribution aspect is even more disturbing. The Italian press was reported recently as pointing at the "senescence" of this country. What are the grounds for this? If Dr. Leybourne's assumptions hold good, the number of people under 45 will fall from just over 31 millions to about 16 millions in 1976, while the number over 45 will rise from about 13½ millions to over 16½ millions. The present

* A statistical device worked out by Mr. Kuczynski of the London School of Economics, combining birth statistics with average mortality rates among women.

† See THE ROUND TABLE, No. 97, December 1934, p. 78.

THE PROBLEM IN GREAT BRITAIN

ratio of about three to one between the younger and the older group will change to a ratio of equality.

No doubt the rapid and remarkable victory of science, hygiene and food production over the death-rate during the last century made some adjustment of the birth-rate necessary. There is no reason to wish the populations of Europe to expand indefinitely at the rates of the last century; although in Russia it seems inevitable that such an expansion will take place. But we have now reached a stage where the small family system is becoming universal. To reverse the trend will involve far-reaching changes in social habits, in outlook, in family and educational standards. To take only one example—at present rates of reproduction, the “public school” class in England is heading for extinction. It is limiting its numbers in order to ensure a high standard of education and social advantage to its children. As its educational demands increase, the amenities of the public schools have to increase, with consequent increased fees. The high fees in their turn discourage the birth-rate of the public-schools’ customers. To break this vicious circle, propaganda, argument, leadership, and probably financial inducement are necessary. In Germany and Italy it was quickly realised that the problem was not only economic but also psychological. It was seen that, as living standards rise, families decrease, a tendency which is obviously eugenically bad.

The view is frequently expressed that a falling population may be welcome as a solution of the unemployment problem. But there are two clear answers to this. First, thinly populated countries like the Dominions have had just as serious unemployment problems during the depression as densely populated countries like Great Britain. Secondly, as the number of producers falls, so does the number of consumers. There seems fairly general agreement among economists that a rapid decline of population in a complicated economic system can bring nothing but trouble and maladjustment.

THE BIRTH RATE AND THE EMPIRE

Apart from the economic arguments, there are grave political, social and even moral arguments against allowing a decline to go unchecked. Pride of race has been so exploited and cheapened by political propaganda in post-war Europe that the modern English politician or publicist can speak of it only with trepidation. But the following questions are not merely rhetorical. Can we look forward without alarm to the dwindling of a race that has shown, if nothing else, a genius for self-government, that has preserved free institutions and gained a new conception of imperialism? Can we look forward hopefully to a time when there will be a sudden shrinkage of demand from one of the biggest import markets of the world? Can we look forward hopefully to a sudden decline in the youth, the man-power and the taxable capacity of Great Britain? Can we look forward without misgiving to a time when of all the world's races only the peoples of Asia and perhaps of eastern Europe will be expanding in numbers, while the nations with the highest economic standards inevitably decline? This last question is not, for the British Empire, one only of its relations with foreign countries. The population increase of India, while creating a stupendous problem for India itself*; intensifies the problem for the less densely populated countries of the Commonwealth.

A writer in the *Hibbert Journal* has pointed out that, unless nations can learn to control population trends, the social utopias on which European liberals, socialists and communists have set their hearts must remain beyond their grasp. Over-population and sudden declines in population alike endanger standards of living in a community. It is indeed strange that the necessity for a state population policy has been so long ignored in face of the demand for more and more control and stricter and stricter planning of economic life. It is as if a hotel keeper planned his furniture, his menus, his prices, his amusements, without making sure how many guests he would be likely to

* See below, p. 386.

THE PROBLEM IN THE DOMINIONS

have, or whether they would be mostly Old Fogeys or Bright Young Things.

II. THE PROBLEM IN THE DOMINIONS

THE problem of population has a direct as well as an indirect importance for the British Commonwealth overseas. For the Dominions, the question is not merely one of saving stagnant populations from decline, but rather one of ensuring that adequate use shall be made of the space and resources of under-populated areas, which may be a future cause of envy among nations that consider themselves over-populated. The Astor Committee on Empire Migration made some useful comparisons between the density of population in the United States and the density in the Dominions. Canada is calculated to have 1,330,000 square miles fit for white settlement. If this area were populated at the present density of the United States, Canada's population would be 50 millions instead of under 11 millions. It must be remembered that of all the Dominions Canada has the best population record, her net reproduction rate being over unity. On a similar calculation, Australia could hold 46 million people instead of 6.7 millions, and New Zealand could take nine times her present population of a million and a half.

What prospects are there that these nations will make fuller use of their resources of space? Their populations may grow by natural increase of births over deaths and by the influx of immigrants. Until five years ago the population of the Dominions was increasing at the rate of roughly 20 per 1,000 per annum. What relative parts were played by migration and natural increase? In Canada, during the peak migration period (1901-11) there was an annual net gain of population of 3.41 per cent., of which 1.39 per cent. was due to natural increase and 1.82 per cent. to net immigration. Twenty years later, the annual increase was only 1.81 per cent., of which 1.51 per cent. was due to natural increase and only 0.30 per cent. to immigration.

THE BIRTH RATE AND THE EMPIRE

In Australia and New Zealand the decline in the rate of increase was even more serious. In 1931-2 the increase in the Australian population was only 0.77 per cent., in the New Zealand population only 0.71 per cent., and there were more emigrants than immigrants.*

In all three of the great immigrant countries of the Commonwealth there has been a sharp fall in birth-rates. Between the 1921-25 quinquennium and 1934 the rate per thousand of population fell from 27.1 to 20.4 in Canada, from 23.9 to 16.4 in Australia, and from 22.2 to 16.5 in New Zealand. As one would expect from these figures, there has been a startling drop in the rate of natural increase, which is now around 11 per thousand in Canada, 7 per thousand in Australia, and 8 per thousand in New Zealand. Fifteen years ago the rates were 16, 14.4 and 13.6 respectively. It may be remarked in passing that those who maintain that fear of war is a prime cause of declining birth-rates must account for this resemblance between Dominion and European trends.

Clearly any rapid increase of the populations of these countries to a density comparable with that of the United States is out of the question under present economic and political conditions. But let us assume as possible the rate of increase that prevailed up to 1930. That rate was about 2 per cent. per annum. To maintain this rate now and in the future would demand the arrival of about 200,000 emigrants annually in the Dominions—a rate of migration above that of the peak years at the beginning of the century. The average annual immigration into Australia between 1905 and 1930 was 23,000; if the increase of population suggested above were to be maintained, an annual immigration of 87,000 would be required.

The British population problem, as stated in the opening pages, is bad enough. But if immigration into the

* A later article in this issue of *THE ROUND TABLE* records the anxiety felt in New Zealand over the trends of population and migration.

THE PROBLEM IN THE DOMINIONS

Dominions is to be mainly or entirely confined in the future to British stock the imperial population problem becomes bewildering. At a time when Great Britain's own population is turning away from its peak, the interests of the Dominions require of her an outflow of 200,000 people a year. Unless steps are taken to deal with the British birth-rate, such an outflow would be eugenically and economically disastrous. Not only would it mean transferring the centre of British civilisation to another hemisphere; in a few generations it would transform Great Britain into a nation of pensioners.

The industrial and commercial outlook, if present population trends continue, is scarcely less disturbing. A rapid fall in the population of Great Britain would surely deal a final blow at the principle on which the prosperity of the Empire was built up in the last century, the principle of an international division of labour, of the exchange of British manufactures for oversea raw materials and foodstuffs. It might be possible for a declining population to maintain a rate of production out of all proportion to its man-power, thanks to improvements in machine technique. But its demands for foodstuffs and the simpler necessities of life would inevitably so shrink that the mechanism of exchange would be seriously upset, unless the oversea countries could develop new lines of export. Moreover, it seems probable that in a shrinking community the character of demand would change; services, highly manufactured goods, luxury goods would be proportionately more in demand than ordinary necessities. These objects of demand, even if not essentially produced when they are consumed, have as a rule little bulk in relation to value, and therefore require a smaller volume of shipping—another great imperial industry. The change in the proportions of young and old people would tend to increase the burden of taxation on the productive section of the community. When the tendency to decline had dangerously accelerated, it seems unlikely that the community

THE BIRTH RATE AND THE EMPIRE

would be strong enough economically to undertake the task of replenishing its numbers. An attempt to increase the population would demand extraordinary efforts from every member of the community, involving probably serious curtailment of individual liberty and standards of living.

Optimists who are content to leave this task to future generations should realise its full immensity. At present rates, 1,000 mothers born thirty years ago may produce 750 girl babies. After another generation, these girl babies will probably produce only 570 daughters, even if birth-rates do not decline. If a revival of the birth-rate is attempted thirty years hence, can those mothers seriously be expected to produce children at twice the rate necessary to ensure their own replacement? That is what would be then required. As Professor Carr-Saunders has urged, the problem is one to be dealt with in the next twenty years.

III. POPULATION AND POWER

IT must be repeated that the various aspects of the problem call for expert investigation. For instance, what will be the military position thirty years hence? Clearly there may be a scarcity of young man-power in an emergency. Will the Dominions be ready to take a larger share in the burden of imperial defence? Will the United Kingdom still be able to bear the cost of maintaining the strength of an imperial Power? The empire of the Netherlands reveals the situation that arises when a colonial Power has defensive responsibilities beyond the capacity of a small population. It is no exaggeration to say that Dutch sovereignty in the East Indies is at the pleasure of the three naval Powers of the Pacific.

Another disturbing aspect of the power problem is revealed by the population figures of the so-called "expansionist" or "have-not" nations. The population of Italy in 1961 will probably have reached the figure of 47 millions; that of Germany will probably reach a maximum

POPULATION AND POWER

of about 70 millions in the next thirty years before it begins to decline; that of Japan, according to a Japanese estimate, will be about 70 millions in 1950 and will not begin to decline until it reaches a figure between 80 and 90 millions.

The picture that emerges may well make us anxious. On the one hand the great imperial and colonial countries, France, Great Britain, Holland and Belgium, will certainly face a decline in numbers during the next thirty years, unless policies and habits are changed. On the other hand, three great Powers, discontented with the post-war settlement, without special access to space for settlement (apart from the territories they have already seized by force), ambitious, ruled by authoritarian régimes, prepared to sacrifice prosperity to military efficiency, can look forward to an increase in their numbers in the next thirty years, an increase which two of them are doing all in their power to maintain. Can it be only coincidence that the nations that have accepted authoritarian government, militarism and extreme nationalist doctrine are also those which are increasing their numbers and working out a national population policy? German Nazis maintain that there is a close relation between the mood of a people and its willingness to produce children as a pledge of confidence in the future. Political enthusiasm, mystic nationalism and deep devotion to the racial creed are helping to obscure economic realities. The young people of these nations are encouraged to look forward to a future of expansion, creation, and opportunity. By contrast, so far as we can tell, the young people of western Europe think more of consolidating their gains, of internal reforms, of social happiness and intellectual advance. In fact, one group seems to be planning for the race; the other seems to be planning for the individual. Here we are concerned, not with the question which of these philosophies is right, but only with their consequences in the demographic and social field.

THE BIRTH RATE AND THE EMPIRE

Until some kind of large-scale investigation has been carried out it would be rash to try to dogmatise about the causes of population decline. But two things seem clear. First, there is no necessary connection between rising standards of living and rising or recovering birth-rates. Economic fluctuations cause minor variations in the birth-rate—largely by delaying or accelerating marriages—but do not change its trend. As the English family rises in the economic scale it tends to restrict its numbers. Secondly, it seems likely that the tendency to place the interests of the individual before those of the community plays an important part in British population trends. The growing knowledge of birth-control methods, the changing character of house accommodation, rural depopulation and high standards of living and education—all these have been put forward as contributory factors. But they do not entirely explain why people want fewer children.

There seems no reason why the population problem should not be dealt with by democratic methods. Financial inducements alone cannot remedy the situation. The public has first of all to be shown that the problem exists; the experts must study its scope and causes; politicians should consider what has been attempted in other nations. The problem in Great Britain is clearly one for its people and their representatives; but the imperial problem needs the attention of some authority capable of viewing it as a whole. Is it too much to ask that the coming Imperial Conference should give its attention to this vital matter? In the Dominions, as in England, the ordinary citizen is probably ignorant of the situation. The least that can be done is to ensure that it should have proper publicity.

RUSSIA'S DEFENSIVE STRENGTH

By a Correspondent

I. TWO FRONTS

MARSHAL TOUHACHEVSKY is one of the outstanding military minds in Russia. His address on January 15, 1936, at a session of the Seventh Congress of Soviets, aroused world-wide attention. After surveying German and Japanese military preparedness, he said: "We are facing a situation in which as a matter of absolute necessity we must be prepared for a simultaneous and utterly independent war of defence on two fronts (east and west), which are ten thousand kilometres apart".

In spite, then, of pacts with France and Czecho-Slovakia, and in spite of Litvinoff's efforts to round up other allies for Russia, the Soviet general staff is preparing for the worst possible emergency, a war simultaneously against Germany and Japan. The world remembers the defeat of the Russian armies in the Far East in 1904, and their even more violent defeat by Germany during the world war. Those episodes seemed to prove that Russia could not win a war against an enemy with a more modernised industrial machine than her own, except when he moved too far inland and had to scatter his forces. In past centuries, it was Russia's good fortune that she was surrounded by nations more backward than herself. The conquest of Siberia, Central Asia and the Caucasus would never have been possible had these lands been inhabited by an organised, nation-conscious people. Now, with only one more year to finish the second Five-Year Plan, Russia is openly proclaiming that she finds herself obliged to prepare for a

RUSSIA'S DEFENSIVE STRENGTH

war against two of the most thoroughly militarised nations in the world, both supported by highly developed industrial machines, and both of whom, in previous encounters, have inflicted on her decisive defeats.

Russia's position may become further complicated, because, while Japan through her control of Manchukuo has immediate contact with Russian territory, Germany can only reach her by "borrowing a border", as Stalin has put it recently. Such a contingency, apparently, Voroshilov, the Soviet Commissar of War, had in mind when, in a speech at Kiev on September 16, 1936, he said: "I have announced more than once, and in your presence I want to repeat . . . that if the enemy attacks Soviet Ukraine or White Russia or some other part of the Union it is our intention, and our firm will, not only to keep him from our fatherland, but to engage him on the territory from which he came". The implication of these words is clear. If any of Russia's immediate neighbours allow themselves to be used as "borders", the Red Army will move to occupy them, in which case the enemy may have one or more allies, even if small ones, in his campaign against Russia.

Yet no one who has watched Russia at close range during the past ten years will venture to predict that the German and Japanese armies, with or without allies, would be able to defeat her in the sense of overthrowing the communist régime. The Revolution has transformed Russia, giving her sources of courage and power that she never possessed in all her history.

II. THE COLLECTIVISATION OF LAND

THE collectivisation of the land comes first, not only because farming is the source of food and certain raw materials, but also because in Russia it involves a population of 100 million people, who furnish more than half the soldiers in the Red Army.

THE COLLECTIVISATION OF LAND

It is difficult to say what might have happened in the Ukraine and the Kuban if Russia had been attacked by an outside army in 1932. At that time the peasants were in a bitter mood. Collectivisation was so overwhelmingly different from anything they had ever known or thought of that they fiercely resisted its advance. The present writer visited the village of Reshitilovka in the Ukraine in the autumn of 1932. A large village, of about 700 families, with neat, whitewashed cottages and stately trees, it was steeped in hopelessness. Everywhere peasants were bursting with eagerness to unload themselves of their woes. They rushed out from every yard, and pleaded to be allowed to tell their story. The Government had taken so much grain from them the year before that when winter came they were without bread, and had to go off to other parts of the country and exchange boots and sheepskin coats for rye and maize flour. Now the Government was again taking from them an inordinate share of their crop, and what would they do when the cold months came and there was no grain in their bins? Their cows and pigs, those that had survived the famine and the slaughter of the previous year, would die, and they, too, would die. Save for some of the revolutionary young people in the village, there was not one who saw hope ahead.*

The change in four years is almost unbelievable. Writers who are tempted to make comparisons between the French and the Russian Revolutions must remember that the one occurred at the beginning of the machine age, the other at its height. Again and again the machine has come to the rescue of the Russian Revolution, and has quickly healed up wounds that an unexpected catastrophe had inflicted on the country. Certainly the village of Reshitilovka, this last summer, was a living example of such a recuperation.

* During the earlier period of collectivisation, more than half the livestock of the country was lost, the number of horses, cattle, pigs, sheep and goats falling from 276 million head in 1928 to 127 million head in 1934. A great deal of the loss has still to be recovered, and the position is regarded by experts as still precarious.—*Editor*.

RUSSIA'S DEFENSIVE STRENGTH

Hardly a peasant family but had a cow, and some boasted more than one cow and one pig. The three collective farms into which the village was divided had imported beehives in the spring, some of which they had distributed among members for their individual use. In 1932, people wandered about the market place sadly and sullenly in vain quest of eggs and butter. The sale of meat was completely forbidden. Now the tables groaned under the weight of cheese, butter, eggs, meat and other foodstuffs. On the fringe of the bazaar, peasants were selling for meat live cows, sheep, calves, pigs and fowls. The shops which four years ago boasted mainly cosmetics and cobwebs, which had not an ounce of sugar or cereals or herring, were now crammed with sugar, white flour, cereals, herring, vegetable oils, sweets, cigarettes and tinned fish and meat. The number of shops had multiplied at least three times. Everywhere in the Ukraine this summer it was the same story of abundant crops, fewer and fewer families without their own cow, pig, chickens. Everywhere collective farms were setting out huge orchards, developing large apiaries, digging ponds in which to catch the spring waters and use them for pleasure, for the cultivation of fish and for irrigation.

The Kuban, the land of the doughty Kuban Cossacks, was even more of a revelation. There, four years ago, people were in open rebellion. Women and children, and sometimes men disguised as women so as to avoid possible physical retaliation, marched up and down the streets heaping oaths and curses on Soviet officials. In the settlement of Mayevskaya the condition was so critical that Molotov, the Prime Minister, came down for a conference with the population. Sullen and revengeful, the Cossacks at first refused to talk to him, and some wanted to beat him up. Yet now Mayevskaya, re-christened Krasny Tamanetz, is one of the most prosperous collective farms in the Kuban. Its people received, in 1936, for each labour-day $4\frac{1}{2}$ kilogrammes of grain and 6 roubles in cash,

THE COLLECTIVISATION OF LAND

in addition to other forms of produce. The collective farm has its own electric plant, which furnishes light for every home and every barn, and seventy new houses were being built for members. In another Cossack settlement, Slavenskaya, with a population of 24,000, there was only one militiaman, and he a Jew from another part of the country. The mere presence of a Jew as guardian of the peace in a village in the Kuban, where Jews in the old days were not allowed to live, speaks much for the changed condition and the changed temper of the population.

Because of the altered attitude of the Cossacks, they now again have their own divisions in the Russian army, and are once more admitted to all military academies. Moreover, they are again allowed to wear their ornate uniforms and to carry their old weapons—the sword and the dagger. The Soviets, who fought the Cossacks more desperately than any other group of the population, would be unlikely to grant them these privileges if there were any danger of disaffection.

Collectivisation of the land is the only apparent reason for the amazing change in the condition of the Russian countryside and in the attitude of the people, Cossacks and peasants. Dire as has been its cost in human life and in sorrow, few peasants, even among those who loathe the new discipline, still doubt its superiority over the old way of farming. Of course, there are regions where, because of bad weather or poor organisation or incompetent leadership, the collective farms are in difficulties. The drought of 1936 in the Volga districts and in the southern provinces, which had had no drought for nearly a century, brought much hardship to the population. The Government had to rush grain to certain Volga territories to save them from starvation. Besides, with nearly a quarter of a million collective farms, it is only natural that a certain number of them should still be in a disorganised state. But, in the country at large, collectivisation has become

RUSSIA'S DEFENSIVE STRENGTH

firmly entrenched; the 445,000 tractors, the 90,000 combines, the 2,600,000 other modern implements have wrought a great change, not only in the land, but also in the minds and the lives of the Russian peasantry. The recent statute allotting the peasant from half an acre to two acres of land for his individual use, and assuring him the private possession of up to one cow and two calves, one sow and a litter of pigs, ten sheep and goats, twenty beehives and all the poultry he can raise, will strengthen his attachment to the collective farm, if only because without it he could not feed the livestock he may now acquire.

From a military standpoint the advantages of collectivisation are obvious. It assures an improved tillage of the land. It replaces the old agricultural habits and traditions of the peasantry with modern and advanced methods. It trains the peasant in the use of the machine—there are more than three million trained tractor operators in Russia. It keeps the peasantry organised in effective units, and gives them an understanding and experience of large-scale organisation. It prepares tens of thousands of women to carry on the work on the land, if necessary, while the men depart for the front. It gives the government complete control of the food supplies of the country. In guerilla warfare (such as followed, for example, the Japanese occupation of Siberia in the final years of the civil war), which is bound to break out in the event of foreign occupation of any Russian territory, every collective farm will be a nucleus of organisation, and may become a little fortress which the invaders will have to storm down. Above all, collectivisation gives the country an organic unity and strength which few other countries possess.

III. ECONOMIC STRENGTH AND WEAKNESS

IN industry, the changes the Revolution has wrought are scarcely less apparent to the physical eye than in agriculture. One of the first tasks the Soviets embarked

ECONOMIC STRENGTH AND WEAKNESS

upon was a scientific survey of the riches latent in the vast Russian lands. Only about one-third of the country has yet been searched, and the results as published by the Russian Geographical Society reveal a variety and amplitude of raw materials of which Old Russia had not been aware. The estimates of reserves of basic raw materials, such as coal, iron, copper, lead and zinc, have been multiplied many times.

Appatites in the Kola Peninsula were unknown in the old days. Now a new city of 35,000 has sprung up beyond the Arctic Circle devoted to the exploitation of this valuable mineral. Potash in the Urals was known and worked, but not as extensively as now. It is estimated that the deposits amount to 15 billion tons. In the old days, Russia had to import her aluminium; now the deposits of bauxite discovered in the Leningrad province and in the Urals are keeping busy two new factories, one at the Volkhov works, near Leningrad, and one at the Dnepropetrovsk works in the Ukraine. The exploitation of natural resources has been part and parcel of the industrialisation of Russia. The table on the next page shows the degree to which she has made herself independent of outside sources of supply.

Russia is in peace-time reasonably self-sufficient in coal, iron, manganese, zinc, aluminium, superphosphates, oil, cotton, chromite, and is nearly independent in cellulose. In this respect she has considerable advantages over both Germany and Japan. Germany must import oil, about half of her iron ore, and all her cotton, also manganese, nickel, bauxite; and Japan is in an even more vulnerable condition. In addition, Germany has to import substantial amounts of food. If the Nazi programme of making German chemistry yield synthetic raw materials is realised, Germany will acquire a source of national and military strength that she now lacks. Yet it is doubtful if the most brilliant triumph of the laboratory can make her as independent of foreign sources of raw materials as Russia

RUSSIA'S DEFENSIVE STRENGTH

is rapidly becoming. At present, the slogan in Russia is : "60,000 tons of steel a day and 50,000 tons of rolled metal". If this ambition becomes a reality, Russia will be the second only to the United States as a manufacturer of steel.

| <i>Commodity.</i> | <i>Production 1935.</i> | <i>Imports 1935.</i> | <i>Imports 1936 (9 months).</i> |
|-------------------------|-----------------------------|--------------------------|-------------------------------------|
| (Million metric tons.) | | | |
| Coal | 108.5 | | |
| Petroleum | 26.8 | | |
| Pig iron | 12.5 | | |
| Steel | 12.5 | 0.38 | |
| Rolled steel | 9.4 | | |
| (Thousand metric tons.) | | | |
| Ferro-alloys | | 6.36 | |
| Copper | 66.0 | 30.0 | 34.0 |
| Zinc | 46.0 | 1.5 | 0.08 |
| Lead | 45.0 | 31.0 | 24.6 |
| Aluminium | 25.0 | 0.5 | 0.01 |
| Tin | 0.0 | 7.5 | 7.0 |
| Nickel | 0.9 | 5.6 | 5.9 |
| Antimony | 0.0 | 2.9 | 1.7 |
| Rubber | | 38.0 | 23.5 |
| Cotton | | 44.0 | 12.7 |
| Wool | | 31.0 | 16.4 |
| Cellulose | | 4.9 | 2.7 |
| Hides | | 20.0 | 16.0 |
| Jute and sisal | | 53.0 | 21.0 |

Russia's chief difficulty now is the quality of much of her manufactured output. Hardly a day passes but the Soviet press screams with indignation at this or that trust or factory for turning out an inferior product. Certain kinds of steel Russia has not yet learned to make, though her managers and workers are learning rapidly. Her first tractors, for example, broke easily, but now, while still inferior to American tractors, they hold up well under the strain to which they are subjected. At present the whole emphasis is on mastery of industrial technique with a view to lifting the quality of manufacturing all along the line. Yet

ECONOMIC STRENGTH AND WEAKNESS

Russia has much to learn before she attains the high quality of German manufacturing. The percentage of *brak*, or spoiled output, is still inordinately high. Another decided advantage that Germany has over her—and so has Japan, though to nothing like the same degree—is in the manufacture of chemicals. Feverish Soviet efforts to expand the chemical industry have removed the prospect of complete helplessness in time of war, but have not prepared Russia for competition with Germany either in war or in peace.

Two other weaknesses need to be emphasised: faulty organisation and bad transport—both major limiting factors in any war of national effort. Whether one has to mail a registered letter or send a telegram, or buy any of the manufactured goods that are scarce—like shoes and textiles—the queues and the endless time people waste in them testify to a crucial inability to organise service on a basis of efficiency such as prevails universally in Germany. Russian officials seem to be brutally indifferent to the inconveniences to which they subject the population, usually quite needlessly. There is nothing that Russia needs more desperately than competent salesmen and clerks in her shops and offices, and good foremen in her factories. Russian leaders are well aware of these shortcomings, and are continually waging campaigns to overcome them, but rarely with much success.

Transport is the weakest link in Russia's economic chain. The frequency of accidents, the slowness of trains, the inability of engineers to run them on time, became so chronic that the Bolsheviks had to put Lazar Kaganovitch, perhaps their most brilliant organiser, in charge of the railroads. The improvements Kaganovitch has achieved have won him high praise, even from foreign observers. Yet even now by comparison with other countries accidents are still too frequent; trains are still too slow, and too many still run behind schedule, sometimes hours behind. Such a miracle of transportation as Germany achieved during the Nuremberg Congresses of

RUSSIA'S DEFENSIVE STRENGTH

1935 and 1936, gathering in one day and in one place nearly a million people from all over the country, is still a far-away dream in Russia. It is open to grave doubt whether the Russian railways would be able to stand up for any length of time under the strain of war.

In finance Russia has great advantages over Germany and Japan. Her actual foreign debt, exclusive of the pre-revolution obligations, which she has repudiated, is only about £15 million. Her balance of trade in 1933-35 has given her a surplus of over £90 million. Her gold industry is booming. In 1933, the output fetched £20 million; and while since then no official figures have been given it is reliably estimated that in 1936 the output reached the sum of £60 million, or perhaps £80 million. Nor has Russia to worry about the maintenance of foreign markets, as have both Germany and Japan, especially Japan; for she is very little dependent on them for raw materials, and not at all for the disposal of her industrial output.

Russia has still another advantage over both Germany and Japan—geography, which in war has always been one of her staunchest allies. It destroyed the Tartars and broke the back of Charles XII of Sweden and of Napoleon. In this day of the machine, geography is not as powerful an ally as in former times, but it still is important. If pressed hard, the Russian armies could draw back, east and west, farther and farther, and yet be assured of ammunition with which to carry on the struggle. If the air is to play in the next war the decisive part that some writers prophesy, it will be difficult for the enemy to strike at many of Russia's large centres of population, not only because they are mostly far inland, but also because they are far away from one another. Consider, on the other hand, the proximity to one another of the large cities and industrial centres in Germany and Japan, especially Japan, which by air is only a few hours away from Vladivostok. And Russians make excellent aviators. They seem to have

THE RED ARMY

a natural talent for flying. The war in Spain has demonstrated the efficiency of both the personnel and the material of the Russian air arm.

IV. THE RED ARMY

IMPORTANT as are industry and agriculture in a war, human beings, soldiers and civilians, are even more important. Here, too, comparison with Old Russia is revealing. Under the Czar, military service was to the masses of the population a bitter burden. Georgians, Armenians, Poles, Jews and members of the other national minorities were especially loth to do military service, and often fled abroad to escape it. The discriminations against the common soldier were everywhere apparent. A soldier could not sit inside a tram if an officer was there, and could not occupy a seat on the floor of a theatre because there, too, an officer might be present. Now the soldier is the real hero of the nation. In the days of the First Plan, when the civilian population was living on rations and had little meat and sugar, the soldiers ate meat daily and were never without sugar. With a population of 170 million people, Russia this year is manufacturing only 80 million pairs of boots, not enough to go round. Ordinarily, Russians wear their shoes as long as a cobbler can contrive to hold them together; but wherever one travels one never sees a soldier in dilapidated boots. The soldiers are the best shod, best fed, and best dressed people in the country, also the most polite. Seldom does one meet a drunken or brawling soldier in the Russian streets or on Russian trains.

During active duty the discipline in the army is most rigid; but when off duty the soldier is a free person. He goes to lectures, the cinema, the library, the theatre. He may sit in the same box with his captain or colonel. Swearing at a soldier, shaking or striking him is sternly forbidden. Theatrical companies from the best theatres

RUSSIA'S DEFENSIVE STRENGTH

perform at army camps. Orchestras, operatic stars give concerts. The soldiers' own choirs and dramatic circles are an integral part of their social life. The Moscow Red Army Choir is the best in the country and is, no doubt, one of the greatest choirs in the world. Schools in the army prepare the soldier for a higher position in the civilian world. Numberless are the advantages that he derives from his service.

Nor is the recruit as poorly prepared for service on admission as he was in the old days. Seldom is he illiterate or with no technical experience. According to a Moscow daily newspaper, of this year's recruits in the Leningrad district 1,000 were engineers, 10,500 skilled mechanics, 900 tractor operators, 450 railroad machinists, over 1,000 chauffeurs, 25,000 trained marksmen; and hundreds were fliers, parachute jumpers and pilots of glider planes. Not one was illiterate. In education, in patriotism, in military training there is no comparison between the soldier in the Czar's and in the Soviet armies. One can safely say that in morale the Russian armies of to-day are second to none in the world. But then revolutionary armies have always been noted for their high morale.

The size of the Russian army has recently been raised to 1,300,000. The reserves make up another 10,000,000 men, of whom 6,000,000 are said to be mobilisable for war, though the limiting factors of transport, organisation, and maintenance of industry and agriculture make it doubtful whether much greater numbers than the 1,300,000 of the regular army could be actually kept in the field. The most striking feature of the Russian army is its division into two armies, one in the Far East and one in the West. Each army is independent of the other and has its own system of supplies, reserves, and transportation.

Nor is the civilian population without a part in the campaign of military preparedness. The *Osoviakhim*, or Civilian Defence Society, is engaged in a many-sided effort to train the country for war. There is hardly a

THE RED ARMY

factory, a collective farm or school without a branch of the *Osoviakhim*. It is the work of this society that makes the outsider so keenly aware of the earnestness with which Russians regard the danger of war with Germany or Japan. In 1935 the *Osoviakhim* trained as air pilots 3,500 youths who learned flying in the hours they could spare from their work or their studies. In 1936 it trained 8,000 pilots. During 1934 and 1935 it trained 990,000 civilians in marksmanship, one million in anti-gas and chemical warfare, one million in map-reading, 1½ million in the care of horses, 2,000 as mechanics of aeroplane engines. The slogan now is: "Our youth must become a generation of winged people", and it is doubtful if there is a country in the world in which youth is so absorbed in aviation as in Russia. In parks, at railroad stations, in collective farms, there are exhibitions of aero-engines with books and drawings describing in detail the various parts and the construction of the whole.

It is the *Osoviakhim* that has also made parachute jumping a national and popular sport. In the first half of 1936 no less than 10,500 civilians jumped from planes in parachutes. The eagerness with which young people all over the country have taken to this sport testifies to their spirit of daring and adventurousness. At present the *Osoviakhim* has 1,000 parachute towers on which to train jumpers, and twice that number of instructors to supervise the training. In the army, parachute jumping is receiving special emphasis. During the military manœuvres in 1935, according to Voroshilov, 1,800 persons made simultaneous jumps out of planes and 5,800 were landed by planes behind the "enemy lines". In 1936 the record was even more impressive. At one place, a hundred miles behind the lines of the opposing army, 1,200 men came down with 150 machine guns and eighteen pieces of light field artillery. Whether or not this new method of attack is more than an impressive stunt is a matter for controversy. At any rate, the Russians are cultivating it with ever-increasing assiduity,

RUSSIA'S DEFENSIVE STRENGTH

and of late the Germans and the French have begun to do likewise.

In mechanisation the Red Army has made very rapid advances. In 1929, according to Voroshilov, it averaged 2.6 mechanised horse-power per man; in 1930 the figure rose to 3.07 and in 1933 to 7.74, which was higher than the average in the American, French and British armies.* The diversion of industrial energy to militarisation has seriously interfered with the rise in the standard of living. In the autumn of 1936, prices of manufactured goods, instead of falling, as Molotov in his interview with a French editor had led the population to believe, rose by 20 to 40 per cent. The reason was obvious: fresh outlay of funds for military purposes. The task of fortifying 32,000 kilometres of border and building the necessary strategic railways—a task still seriously in arrears—has absorbed huge funds and vast amounts of steel and other building materials. All along the troublous Manchurian border, and in Europe all the way from Lake Ladoga in the north to the Black Sea in the south, fortifications, according to the semi-official publication *Na Strazhe* (On Guard), are being hastily erected.

The most uncertain element in the Red Army is the military talent of its officers. Few of the pre-war officers have remained, and age alone will soon completely eliminate them from the service. The new officers are almost entirely recruited from the village and the factory. They are loyal and tested revolutionaries, and are not given to the dissipation that was so marked a feature of the social life of the Czar's army. They cannot be bribed. Their political consciousness is as sturdy as their physical condition. And they are indefatigable students. They read not only their own military publications but also those of other lands. Yet how ingenious and able they will be

* In the absence of data as to how they were arrived at, these figures are regarded by expert opinion as of doubtful significance.—*Editor.*

COMMUNISM AGAINST FASCISM

under fire no one can foretell. The fact that they are without an old solid military tradition may or may not prove a disadvantage in this day of mechanised warfare.

V. COMMUNISM AGAINST FASCISM

ONE other feature needs to be emphasised in any discussion of a war in which Russia may be involved, particularly a war between Russia and Germany—the clash of ideologies. Such a clash must make war between the two countries infinitely fiercer than it might otherwise have been. Germany, it is obvious, would fight Russia not only as a hostile or envied nation but also as the standard-bearer of communism and therefore the foe of mankind. Russia most manifestly would not fight Germany merely as Germany, but also as the standard-bearer of fascism and therefore the slaughterer of civilisation. In speeches and in the press the Russians never speak of Germany as the potential enemy but of fascists or Hitler fascists. Passions would run high, higher perhaps than they have ever run in international war. Both countries would wield the weapon of propaganda to the full.

Yet Brest-Litovsk and the Saar are too recent to convince anyone save the most stubborn communist that revolutionary propaganda can upset the patriotism of Germans. There was no sign of protest from proletarians and socialists when General Hoffman ordered the armies to resume the march on Russia, even though it became evident in the negotiations between Trotsky and Von Kuhlman at Brest-Litovsk that Germany was definitely committed to a policy of annexations. In the Saar, proletarians in overwhelming numbers voted for the return of their territory to the homeland. If the German armies should suffer serious setbacks, or if Germany should find it difficult or impossible to obtain from abroad raw materials or food, or if the Nazi forces, like those of Napoleon, should move too far from their home bases and find themselves cut off from

RUSSIA'S DEFENSIVE STRENGTH

supplies and subject to continual harassment by the native population, their morale might weaken and Russian propaganda might stir a response, at least among those groups which, until the triumph of Hitler, were nurtured in a socialist tradition. After all, the Communist party and the Socialists in Germany polled over 12 million votes in the last pre-Hitler election.

The Nazis, on the other hand, could not hope for such results. If in Germany there are millions who have had a basis of experience in socialist doctrine, there is not a single group in the Russian population that has had any basis of experience in Nazi doctrine—small as the gap is between Nazism and communism as at present practised. It might have been different if Russia had had a large and numerous middle class. But Russia never had a middle class comparable to that in Germany, in France, or in England.

Four years ago, when the peasantry were in the throes of privation and despair, they might have countenanced the support of a foreign army, at least temporarily. But now they can be expected to offer the stiffest opposition to invading troops. Most significant were the words of the spokesman of the Don Cossacks at the recent Congress of Soviets :

We got 100,000,000 poods more grain this year than last. Our combine operators hold the all-Union record. We have brought the record holders to the Kremlin to greet you. We have come here with our best tractor drivers. Everyone of them has ploughed this year over 2,000 hectares with a Stalingrad tractor. Next year we'll plough 2,700 hectares with the Stalingrad and 6,000 with the Cheliabinsk tractors. All our land for next spring's sowing, nearly 5,000,000 hectares, has already been ploughed.

A simple speech but loaded with importance. One cannot emphasise too vigorously the stupendous changes that the tractor and the combine and all the other modern agricultural implements have wrought in the Russian village. Except for certain districts on the Volga, where in the summer of 1936 drought necessitated the slaughter of livestock,

COMMUNISM AGAINST FASCISM

there will hardly be a peasant family in Russia by the end of 1937 without a cow and pig and a flock of fowls. Only those who have studied intimately the history of the Russian peasantry for the last three hundred years can appreciate the importance of the universal possession of a cow and a pig.

It would, of course, be futile to prophesy the outcome of a possible war between Russia and Germany, perhaps allied with Japan. Under the impact of defeat Germany might go communist; that is Hitler's supreme risk. Russia's risk is different, for she cannot be nazified; but she can be thrown back to the economic chaos and penury from which she has rescued herself since the Revolution, and to unimaginable anarchy. The magnitude of the risks is the first of the reasons why the war between Russia and Germany may never take place.

THE RAND IN THE ECONOMY OF SOUTH AFRICA

I. MINING AND INDUSTRY

THERE is a traditional classification of the inhabitants of Cambridge—not as true to-day as once it was—into three groups. First of all were “the gents”, then “them as lives orf the gents”, and finally “them as lives orf them as lives orf the gents”. If any such grouping were attempted for South Africa, the Rand would naturally take the place of the University. Gold-mining is obviously not only the most important single industry in the Union, but also the mainstay of others and, through its payments of wages, salaries and so on, one of the mainsprings of the circulation of goods and services throughout the country. But there is great difficulty in knowing where to draw the line in any assessment of the indirect ways in which the general economy of the Union depends upon the Rand. In 1931 the Low Grade Ore Commission, in its interim report, said :

No thorough investigation into the part played by the gold mining industry of the Witwatersrand in the economic structure of the Union and the extent to which the population of South Africa is supported by the mines has yet been made. Such an investigation is, in our opinion, long overdue, and should be taken in hand immediately.

The Gold Producers' Committee of the Chamber of Mines undertook to perform this task, and presented the Commission with elaborate calculations which went to show that half the population drew their livelihood directly or indirectly from the Rand gold mines and that half of the state's revenues was derived from the same source.

MINING AND INDUSTRY

These calculations either went too far or did not go far enough. In one sense everyone in the Union is dependent on the gold-mining of the Rand for his livelihood, since he derives his income from the part he plays in an economy dominated by it, and since, if gold-mining should fail, his income, from whatever source, would be jeopardised. But a chain is equally dependent on all its links, and if it must be admitted that in one respect South Africa is one hundred per cent. dependent on her gold mines, the same might be said of her wool or maize, her railways or post office, or her banks. But in another sense the Gold Producers' Committee overstated their case. It does not do to assume that the farmer who sells maize to the mines is a mere client dependent on them for his market. Conversely, the mine compound depends on him for maize. If there are hundreds of thousands, natives and Europeans, who depend for their subsistence on wages earned at the mines, the gold mines are equally dependent on these workers for their labour, without which they would have to close down. If the Chamber of Mines, adopting the eighteenth-century habit of assuming that to pay for services rendered is to grant a benefit, cares to boast of "supporting" half the Union, it might be hard to resist the corollary that the support of profitable mining was part of the Black Man's Burden. If any arithmetical precision is to be given to the part played by gold-mining in the Union's economy, only the part it plays directly can be reckoned in.

Even this affords some impressive figures. In 1935 the exports of gold bullion amounted to more than £71 million in value out of total exports of just over £100 million. In production the Rand has already lost its position of undisputed pre-eminence. The last industrial census gave the value of the production of private industrial establishments, excluding mining and quarrying, as about £116 million. But the gold mines still employ more workers than secondary industry. The average number employed in 1935 was 333,650 (it is now about 350,000), of whom 34,475 were

THE RAND AND SOUTH AFRICA

Europeans. According to the census of 1934-35, manufacturing industry employed an average of 329,887. The proportion of Europeans, however, was much higher (95,592) and the wage bill amounted to some £26 million as against £23 million in gold-mining. Fixed capital invested in manufacturing industry about equals that in gold-mining at £61 million; while the stores consumed by the Rand mines were valued at about £25 million, the value of materials used by manufacturing industry being no less than £60 million. To the Treasury, however, the gold mines are much more important. For the year 1934-35 they paid income tax of £4,371,225, or over half the total paid in normal income tax. In addition they paid £3,865,451 in excess profits duty and £4,968,223 as the state's revenue from mining leases and its share of payments for *bewaarplaatsen*.* Altogether one-quarter of the ordinary revenue and one-third of the receipts on loan account came from the gold mines directly.

Though the Union would be crippled economically were some disaster to overtake the gold mines, that does not mean it would necessarily have been in the same impoverished condition if the mines had never existed. The country would then have had a completely different economic structure; and, though poorer and less advanced, would no doubt have progressed farther in some directions had not the greater prospects seen in gold-mining arrested such developments. It was the special advantages of the Union in gold-mining rather than its special disadvantages in other directions that led to its lack of diversification. The rise of gold-mining almost certainly, for instance, delayed the time when South Africa came to compete on equal terms with Australia in the production and marketing of wool. This delay was caused not only by the greater opportunities offered by gold-mining itself, but also by the diversion of the farmers' attention to the temporary profits of such occupations as transport-riding, by the rise

* Areas reserved from prospecting and digging:

MINING AND INDUSTRY

in the South African price-level several years before the gold of the Transvaal had had any appreciable effect on the level of prices in the rest of the world, and by other related phenomena. If gold-mining has enabled a larger white population to live in South Africa in comparative comfort, it has also created a rigid wage-structure which has been a grave obstacle to the rise of alternative occupations and a reason for the intractability of our social problems, such as problems of poverty both among natives and among the less fortunate whites.

Not very long ago Professor Frankel, after an exhaustive enquiry, discovered that the average rate of return on all capital that had been invested in Witwatersrand gold-mining during the years 1887-1932 was a little over 4 per cent. That is not very high in the case of a young and developing country, and this fact might appear to cast doubts upon the statements made in the last paragraph. But even if gold-mining did not yield a higher average return than alternative investments its spectacular successes—such as the Wemmer mine paying a 40 per cent. dividend within a few months—were sufficient to encourage the expenditure of much time and money in prosecuting it with little result. We know that the average return to investors in sweepstakes and football pools must be a loss—but does that prevent the investment of millions of pounds in these unsatisfactory ways? There is a story of one South African gold millionaire who was being chided for having done so little for South Africa, when he had made all his money out of it. He replied: "Make all my money out of South Africa? I haven't made a penny out of South Africa. I made it all out of the English investor." There can be little doubt that the truth underlying this exaggeration explains the comparatively low average yield.

Be that as it may, it was the Rand that first allowed South Africa to draw capital from overseas on a large scale—and domestic capital is always scarce in undeveloped countries. It was the Rand that provided South Africa

THE RAND AND SOUTH AFRICA

with a regular supply of labourers, both white and black, and that set the customary wage rates. It was the Rand that dictated the form that Union should take; the Rand that, by requiring agreement on railway matters with Mozambique as the price of securing labour, and by providing an ideal target for discrimination, stereotyped the railway policy of the Union; that created the native problem in one form, but, by providing a market for labour through which wages could be earned to supplement the inadequate production of the reserves, prevented it becoming so acute in another form. The gold mines play their part in every typical aspect of South African social and economic life.

II. THE HIGH PRICE OF GOLD

PERHAPS the most remarkable feature of mining on the Witwatersrand before 1932—unlike mining elsewhere, even elsewhere in the Transvaal or on the yet unproved edges of the Reef—was that it had virtually ceased to be speculative. The price obtainable for gold was fixed in terms of standard money. The evenness of the deposits made the ore reserves an almost certain quantity, unless the cost of recovery played tricks. But this was unlikely to happen. The perfection of the mechanical processes left few grounds for miscalculation on technical matters. Native labour was centrally procured through the Witwatersrand Native Labour Association, and native wages have hardly varied in this century, though the efficiency of the labour has increased. The cost of providing compensation for miners' phthisis had become more and more accurately known. Ordinary fluctuations would practically be confined to European wages and the cost of stores, and in each case the mines could reckon with a greater degree of certainty and make readjustments with greater ease than manufacturing industry. The government controlled the other possible sources of fluctuations in costs. But the

THE HIGH PRICE OF GOLD

likelihood of any actual stiffening of the colour bar was remote, and if mining regulations were amended to take fuller account of the growing experience and adaptability of the native worker it would provide a bonus to the mines. Direct taxation, after all, was levied on profits, and mine stores were singularly unaffected by changes in the customs tariff. Variations in railway rates did not provide a major problem in costing for the mines' administrations.

After the end of 1932 all this changed. The price of gold depended on the fluctuations of the pound—which depended on the British pound sterling. Formally, also, a fresh uncertainty has been created by the repeal of central bank obligations to buy all the gold offered at the standard price; but so far there are no grounds for fear on that score. The market for gold seems likely to remain firm. The renewed speculative nature of Rand gold-mining was increased by the introduction of taxation—admittedly tentative—designed to secure to the state a share of the excess profits due to the premium on gold; and this uncertainty was increased by the subsequent limitation of the government's share to £7,400,000, since this introduced the necessity of rebates. The revaluation of ore deposits in the light of an enhanced price of gold brought in fresh reserves, inadequately proved, and resulted in the extension of the Rand far beyond where its limits were known. As a result, the Reef was inundated by a wave of speculation, fed by the handsome profits of the first revaluation of shares. One indication—though, as the Census Office warns us, a rather tenuous one—is provided by the jump in the Johannesburg clearing-house returns from £201 million in 1932 to £475 million in 1934.

It may be that speculation in mining shares has been increased by the reluctance of the government and the banks to concede the normal result of the depreciation of the pound—cheap money. The Reserve Bank discount rate has been reduced no lower than $3\frac{1}{2}$ per cent. It is not

THE RAND AND SOUTH AFRICA

easy to obtain an overdraft at less than 6 per cent. The government's action in subsidising interest on farm mortgages and the operations of the Farmers' Assistance Act have helped to keep up the rate of interest on rural mortgages. According to a special report of the Census Office, the average rate on all first mortgage bonds capable of exact classification passed in 1935 was 5.926 per cent. The interest earned by insurance companies and such bodies in South Africa has fallen remarkably little. Yet though rates to borrowers are firm it is not easy to find a remunerative use for money unemployed. The banks will no longer accept short-term deposits. They will give only $\frac{1}{2}$ per cent. on fixed deposits for from 6 to 12 months. They will allow 2 per cent. on fixed deposits for over 12 months up to a maximum of £10,000: for larger sums they will allow only 1 per cent. There is a positive lack of gilt-edged investments; and those that are available have reached prices that frighten the investor with the prospect of capital depreciation. A premium has been placed on investment in equities—and the demand for almost any class of them is still well enough maintained for it to have been the most profitable course. Naturally this state of affairs has been exploited to the full; new issues have been floated at substantial premiums, and stock exchange values have mounted rapidly. One unfortunate effect, however, has been the disturbance of the financial structure of the Union and the lack of capital for development by other means than the issue of shares. Nevertheless it cannot be denied that the gold-mining boom has encouraged expansion in certain other directions. One effect is seen in the building boom on the Rand. The estimated value of plans passed in Johannesburg in 1932-33 was £1,577,677. In 1934-35 it was £5,604,813, while a peak figure of £945,000 in a single month was reached in July 1936. Over the whole of the Rand the increase was roughly proportional, save in Roodepoort-Maraisburg, where the value rose in two years from a mere £39,025 to £297,233.

THE SPECIAL TAXATION

III. THE SPECIAL TAXATION

THE output of gold has not increased proportionately to the increased activity of the mines—indeed, the production in fine ounces declined in 1933-35, and in 1936 it was still 214,153 ounces below the record of 11,557,858 ounces produced in 1932. This is due partly to the reduction in the grade worked, especially in the richer mines, and partly to the fact that much of the increased activity has been in development work which will lead only in course of time to an increased output of gold. The government's policy of taxing profits made out of the gold premium was intended to enforce a lowering of grade. This was partly due to a fear that the mining companies would take advantage of a temporary high price of gold by "picking the eyes out" of the mines, milling only the higher grade rock and abandoning a large part of the ore reserve for ever. The extent to which this fear was justified depended entirely on the mining companies' estimates of the length of time during which the disparity between working costs and the price of gold would last. If they thought that the higher price obtainable would not last, or that working costs would soon mount and cut off their excess profits, it might have been worth their while to adopt such a course. But they evidently took the view that the increased margin would last a long time; hence, even without a tax policy framed to encourage it, abandonment of the gold standard acted as an inducement to lower the grade.

The government seems also to have been anxious to secure a lower grade for its own sake, apparently in order to lengthen the life of the mines. A certain amount of confusion appears to have entered here. The argument seems to have been that the gold mines are so important to South Africa, especially as a relief to depression when times are bad (owing to the sure market for gold), that at all costs they should be kept running as long as possible. But

THE RAND AND SOUTH AFRICA

there is no point in subsidising the unprofitable production of gold from low-grade ores out of the profitable portion of the production. To do so is simply to raise the average cost, and to increase total costs by more than the additional value recovered. By spreading operations over a longer period, moreover, the return on the investment is delayed, resulting in a loss of interest. There was some toying with the idea of subsidising low-grade mining when the Low Grade Ore Commissioners were making their enquiry, but the Chamber of Mines was undoubtedly right in its preference for encouragement only in the form of making it possible to reduce working costs. The rise in the price of gold has been equivalent to a larger drop in working costs than had ever previously been considered possible, and in this way ample encouragement has been given to the milling of low-grade rock on a profitable basis, without forcing the grade still lower by allowing mines to offset against losses in recovery even greater gains in lower taxation.

The mining industry professed itself better satisfied with the new scheme of gold-mining taxation introduced by Act 34 of 1936, which reduced the normal tax to 3s. in the £ and substituted a new formula for working out the additional taxation. It seems to have been confidently expected that this would remove the chief inequalities as between mine and mine. But the position of the gold mines as the chief support of the fisc is sometimes called in question. The differential taxation of gold-mining profits is usually justified by the need to build up alternative means of earning a livelihood for South Africans when the mines are exhausted. It is criticised on the familiar grounds of its inequity towards the gold-mining industry. The criticisms, however, are not wholly valid. No investor before the end of 1932 had ever reckoned on selling gold at 140s. or more an ounce instead of 85s. Later investors were fully conversant with the government's intention of appropriating half the gold premium and so could not complain that they were unfairly treated. Shareholders'

THE SPECIAL TAXATION

dividends have increased some 80 per cent. Indeed if one compares Professor Frankel's long-term average return of 4.1 per cent. with the 24.5 per cent. return obtained in 1935 it is difficult to sustain a charge of unfair discrimination against the mines.

The high taxation of the gold mines is also criticised on the ground that it discourages investment in mining as opposed to other activities. To some extent this must be a result. Yet it is offset by a number of special inducements such as a particularly active market on the stock exchange. Moreover the South African capital market is not the most important in this connection. No less than 59.41 per cent. of dividend and interest payments for the half-year ending June 30, 1935, went outside the Union, and in the next half-year 60.08 per cent. This, indeed, probably underestimates the proportion going abroad. Amongst the payments in the Union are those made to finance-companies, many of whose shareholders reside overseas. Dividends are often paid into South African banks for overseas investors who have accounts there. It is not a question of one form of investment in South Africa as against another; and it is doubtful whether the South African income tax will divert much investment away from "Kaffirs" to competing issues in London.

Mining taxation is also criticised on the ground that increased dividends would be better spent by their recipients than tax revenues by government. Now the return from gold-mining must include amortisation, so that from the financial point of view the capital invested in a mine is not lost when the mine is exhausted, but is preserved intact. The gold, however, might have been removed from South Africa, and, although the investors' outlay was fully amortised, the country would be left with the reef worked out and no capital asset to replace it. After all, there is no *prima facie* reason why the capital should be re-invested in South Africa. To judge by the frequent utterances of politicians, the higher taxation of the mines is intended to

THE RAND AND SOUTH AFRICA

provide a double amortisation—one for South Africa, whose natural resources are diminished, as well as one for the proprietors of the mines—and to use the fund to build up alternative sources of employment and income for the time when the gold mines can no longer be worked. The whole question is bound up, therefore, with the policy of encouraging secondary industries and the general customs policy of the Union.

If, however, the extra taxation derived from the gold mines is regarded in this light, its allocation between revenue and loan account is surely faulty, and all mining revenue in excess of the rate chargeable on other enterprises ought to be paid into loan account. Even that reform would, of course, be insufficient so long as the Auditor-General remained unable to persuade the government to draw a satisfactory distinction between what should be spent out of revenue and what is properly chargeable to loan funds. It is obvious, for instance, that much of the farm relief granted at present—being compensation for losses incurred—is not productive capital expenditure and is not building up alternative sources of national wealth, however desirable it may be socially. It has apparently not been possible for the Minister of Finance to employ the budget surpluses derived from the mines in reducing the public debt—a possible and easy way of making use of them as productive capital—since the Public Debt Commissioners need to take up £1 million a month of gilt-edged stock in which to invest pension and railway funds and the funds of the Post Office Savings Bank, and the Treasury has to oblige by making Union stock available to them, thus adding to debt instead of reducing it. There are doubts, then, if the state is putting its share of the gold premium to the best use. But so long as the mines of the Witwatersrand play the part they do in the economic life of South Africa, they will continue to be called upon to make the major contribution to the exchequer.

How long the present position of the Rand will be

THE SPECIAL TAXATION

maintained is a matter on which it might be unwise to dogmatise. So far, costs have been kept remarkably low; and the policy of keeping money dear may have prevented competitors from bidding too eagerly against the mines for labour, materials and equipment. But it seems impossible that a rise in costs can be averted indefinitely; and when it comes the expectations that have led to the present capitalisation of mining shares will be disappointed. A decline in the prosperity of the Rand will be fraught with danger not only for the economic but also for the political and social structure of the Union. Booms and extravagance may spell prosperity at the time, but the far-sighted (or may we hope in this case it is only the timorous) cannot overcome their fear of "finance" when it bears such gifts.

South Africa,

January 1937.

THE IRISH REPUBLICAN KINGDOM

I. EXTERNAL ASSOCIATION

SURVEYING the Irish results of King Edward's abdication, Mr. de Valera may well repeat the old adage: "It's an ill wind that blows nobody good". For the situation created by that event has enabled him at last to carry out the long-cherished plan for regulating the relations between the Irish Free State and Great Britain which he apparently regards as a solution, at least under present circumstances, of that complex and historic problem. This plan is by no means new. It was first publicly adumbrated seventeen years ago in the famous interview that he gave, as President of the Republican Dail, to the *Westminster Gazette* and the *New York Globe* in New York on February 6, 1920. In this interview he suggested that the British Government, following the example of the United States in regard to Cuba, should stipulate that the future Government of Ireland should never enter into any compact with any foreign Power that would impair the independence of Great Britain, or authorise or permit any foreign Power to obtain by colonisation, or for military or naval purposes or otherwise, lodgment in or control over any portion of Ireland. Ireland, he said, would willingly co-operate in such an arrangement, which would safeguard Great Britain against foreign attack. This statement led to a serious split amongst his Irish American supporters, many of whom regarded it as a derogation from the claim for an independent Irish republic.

The same idea, more fully developed, appeared again in the draft treaty taken to London by the Irish delegates to

EXTERNAL ASSOCIATION

the Treaty Conference in 1921.* The essential points of this draft were that Great Britain and the Dominions should recognise Ireland as a sovereign and independent State, and that Ireland should agree to become an "external associate" of the Commonwealth. Ireland, according to this plan, was to be associated with Great Britain for matters of common concern, which were to include defence, peace and war, and perhaps political as distinct from commercial treaties, and Irish and Commonwealth citizens were to enjoy reciprocal rights. The object of this scheme, as of the proposal in the Cuban interview, was to reassure the British Government, to save their face before the world, and at the same time to satisfy Irish national aspirations. It proposed in effect that Ireland should, definitely and voluntarily, limit her freedom in questions of foreign policy and defence, the only sphere in which Irish antagonism could damage Great Britain.

In its then shape the proposal was really the work of the late Erskine Childers, who strongly maintained that for reasons partly geographical and strategic, partly historical, Great Britain would never, if Ireland was a Dominion, permit her to act with the same freedom as the other Dominions, and that through the Crown or the Imperial Parliament there would be a constant and injurious interference by Great Britain in Irish affairs. He held that what was then, in respect of the other Dominions, a nominal subordination, would in respect of Ireland be real, and that Great Britain would exercise her strict legal rights in dealing with Ireland. Subsequent events, of course, have proved how mistaken was this view, for no interference has taken place. On the contrary, at successive Imperial Conferences it was the Irish members, representing Mr. Cosgrave's Government, who took the lead in developing and finally establishing the co-equal status of the Dominions and Great Britain, now definitely formulated in the Statute of Westminster.

* See *Peace by Ordeal*, by Frank Pakenham, p. 111.

THE IRISH REPUBLICAN KINGDOM

The Irish delegates in 1921, however, as is now known, unsuccessfully contended for "external association" with the Commonwealth, and finally agreed to accept Dominion status. But Mr. de Valera, for this very reason, would not accept the Treaty, and, at the secret meeting of the Dail that followed its execution, he produced, as his solution, the now famous Document Number Two; this contained the proposals for a treaty to which he was prepared to agree, and which he subsequently withdrew from circulation for tactical reasons. These proposals * stated that for purposes of common concern Ireland should be associated with the States of the British Commonwealth; that, when acting in such association, the rights, status, and privileges of Ireland should be in no respect less than those enjoyed by any of the other component States; that the matters of "common concern" should include defence, peace and war, political treaties, and all matters then treated as of common concern amongst those States; and that in these matters there should be between Ireland and the Commonwealth States "such concerted action founded on consultation as the several governments might determine." After providing for reciprocal citizenship rights between the component States it laid down that, for the purposes of the association, Ireland should recognise His Britannic Majesty as head of the association, should provide for her own defence, and should repel by force any attempt by a foreign Power to violate the integrity of her soil and territorial waters or to use them for any purpose hostile to Great Britain and the other associated States.

It was the rejection of this policy of external association by the Dail in 1922, when it ratified the Treaty, that really led to the civil war, and its realisation, in self-justification, has since been the main object of Mr. de Valera's political policy. This aim he has now peacefully attained, with the fortuitous assistance of King Edward, through the operation

* This version is the one now officially authorised by Mr. de Valera.

EXTERNAL ASSOCIATION

of the very Treaty he denounced. With these facts clearly stated, it is impossible to blame Mr. de Valera for availing himself of the heaven-sent opportunity presented to him by King Edward's abdication, although it is possible to regret that he should have done so. That, in any event, he meditated action in the near future is certain.

Speaking at the Ard-Fheis, or annual convention of the Fianna Fail party, on November 4, he said, after referring to the new constitution, that the question of our relations with Britain and the British Commonwealth of Nations must be a matter on which the people would separately pronounce. At the moment it was not their intention to change the existing relations, in so far as use was made of the same machinery by Canada, Australia, South Africa, and New Zealand in the field of external affairs. Simultaneously, he said, with the introduction of the new constitution, a Bill would be introduced that would make it possible to continue those relations until such time as the Irish people clearly made up their minds that they did not want those relations to continue. He added that that whole question and all about it would be a matter for public discussion over a considerable period. They were not going to be presented with the situation that the Irish people had when they were given a constitution on the morning of the poll and then asked to vote on it.* In effect, however, this is exactly what happened in December, as far as our relations with Great Britain are concerned.

The situation created by King Edward's abdication no doubt placed Mr. de Valera in a serious dilemma. Both he and his Government now fully realise that, for economic reasons alone, they have no option but to remain within the Commonwealth, and that therefore the succession of the new King should be regularised without delay, but it was quite a different matter to persuade their wild men, who have now for so long beheld the carrot of the republic

* A reference to the general election of 1922, which took place immediately after the publication of the constitution.

THE IRISH REPUBLICAN KINGDOM

dangling before their noses without tangible result, to agree with this view. Mr. de Valera extricated himself from this dangerous situation with a sophisticated dexterity worthy of a Chinese general. On December 10, the day of the King's abdication, the members of the Dail received a summons to meet on the following day. When they assembled they were presented with two Bills. The first of these removed from the constitution all the remaining references to the King and the Governor-General, and deleted the article providing for the appointment and remuneration of the latter functionary. It also provided that all Bills when enacted in future shall be signed by the Chairman of the Dail, who will also summon and dissolve Parliament on the advice of the Executive Council. These duties will presumably be taken over later on by the President of the State, who is to form part of the new constitution. Mr. de Valera had previously announced that the new constitution would make provision for a senate of the type suggested in the minority report of the recent commission.*

The second Bill, after providing that our diplomatic and consular representatives should be appointed, and every international agreement concluded, on the authority of the Executive Council, went on to provide also that so long as the Irish Free State was associated with the other nations of the Commonwealth, and so long as the King recognised by those nations as the symbol of their co-operation continued to act on behalf of each of them (on the advice of their several Governments), for the purposes of the appointment of diplomatic and consular representatives and the conclusion of international agreements, "the King so recognised may and is hereby authorised to act on behalf of the Irish Free State for the like purposes as and when advised by the Executive Council so to do". In a further section the Bill ratified the abdication of King Edward and defined the new King, for the purposes of external

* See THE ROUND TABLE, No. 105, December 1936, p. 161.

EXTERNAL ASSOCIATION

association, as henceforth the person who, if King Edward had died on the tenth day of December 1936 unmarried, would for the time being be his successor under the law of the Irish Free State.

It will be observed that these Bills do two things. The first virtually removes the King and the Governor-General from the internal constitution of the Free State. The second sets up the system of "external association", for which Mr. de Valera has so long contended, but at the same time voluntarily recognises the accession of King George VI. In the biting phrase of Professor J. M. O'Sullivan, T.D., one Bill took the King out of the constitution and the other put him back. It is common knowledge that Mr. de Valera had some difficulty in reconciling the more extreme members of his party to accepting the succession of the new King, and it is quite certain that he could not have done so by any other stratagem. He was faced, as often before, with his own past record, but the statutory execution of the Governor-General and the blessed words "external association" finally brought his followers to heel. It is impossible to understand his conduct unless one remembers his domestic difficulties and past policy.

At the opening of the debate in the Dail, answering three questions put to him by Mr. Cosgrave, he admitted that there was not in the Bills any proposition to sever our connection with the nations of the British Commonwealth. Article 1 of the Constitution, he said, remained untouched. The actual facts of the existing situation would, he added, be reflected in the constitution as amended. They had not, he said, consulted with the other members of the Commonwealth, because it was a matter that affected themselves alone, although they had intimated quite clearly to Great Britain what they intended to do. Article 1 of the Constitution declares that the Irish Free State "is a co-equal member of the Community of Nations forming the British Commonwealth of Nations". Speaking later

THE IRISH REPUBLICAN KINGDOM

in the debate, Mr. de Valera said that quite clearly what they had to do now was to regularise the position or declare a republic. He was anxious to see a condition established here in which our people could be on friendly terms with the people across the water. But he knew it could not be done without satisfying the aspirations of our people, which was not done by the existing situation. What he was trying to do, and proposed to do in the coming constitution, was to get nearer to a position that would satisfy those aspirations. Friendly relations between the two countries could really be established only on the basis of a united Ireland. They were working towards a position where the majority of the people would say "We are prepared to sacrifice something in order to get a united Ireland".

The debate on the Bills was poor in quality and, apart from a disingenuous and transparent attempt by Mr. Norton, the Labour leader, to capitalise extreme republican support by a proposal to ignore the King's abdication and do nothing, it ran on the usual party lines. In one sense, of course, it is ridiculous for the Cosgrave party to complain of Mr. de Valera's action, for it is only a logical extension of their own. It cannot be forgotten that they themselves removed the King's head from our stamps and coinage, discouraged the playing of "God save the King", and removed practically all reference to the King from official documents. Mr. de Valera's performance naturally followed their overture. Both Bills were carried, under a closure motion, after two days' debate. The only opposition to the External Relations Bill consisted of the five members of the Labour party, who have now fallen so low that they can be derided with impunity in the Dail by Mr. Hugo Flinn, T.D., the Government's official vituperator.

What is the net constitutional effect of this new legislation? A cynic might perhaps describe it as creating a condition of internal obliteration and external obfuscation, for it may be doubted whether Mr. de Valera himself fully

EXTERNAL ASSOCIATION

apprehends what he has done; certainly, as the debate proved, his legal advisers do not. External association as a phrase means very little, since under modern conditions every State is externally associated with every other by conventions, trade treaties, and the like. Without such external association, international life would be impossible. But our new relations with Great Britain imply far more than this. We are still a member of the British Commonwealth. King George VI is still King of Ireland—of all Ireland, it may be emphasised. Internally, no doubt, he has no functions in the Free State, but even before the recent Acts he had none that were not automatic, the mere endorsement of decisions arrived at by the Free State Government. Externally his functions now are to act on the advice of his Irish Free State Ministers, as he did before, but to do so under express statutory powers conferred by the Free State Parliament, rather than under his prerogative. We have in fact exchanged a spiritual for a statutory allegiance, a feudal for a democratic Crown.

The British Government and press may be congratulated on not having intervened. It was a case of "least said soonest mended" if ever there was one. Any interference by way of criticism, or worse still by way of action, could only have done mischief. The essential thing, our membership of the Commonwealth, remains of our own deliberate choice, and with it our recognition of the new King as the symbol of that membership. It is certainly not a case for logic-chopping, delectable as that pursuit may be to constitutional lawyers, but for a commonsense recognition of realities. It is true that power is not explicitly given to the Crown in respect of the declaration of war or neutrality, but such power can hardly be exercised by the Executive Council except through the Crown, because to do so would mean a formal breach in the unity of the Commonwealth, to which under Article 1 of the constitution we still adhere.

One of the amusing consequences of the new legislation

THE IRISH REPUBLICAN KINGDOM

is that, although the parliamentary duties of the Governor-General have ceased, he apparently still remains in suspense, a kind of forgotten wraith, to exercise certain functions under certain old statutes not yet repealed. How long this state of affairs will continue no one knows or indeed cares. Public opinion was perhaps best expressed by a somewhat irreverent cartoon on the cover of *Dublin Opinion* which depicts poor Mr. Buckley fleeing from his suburban villa, lamented only by the domestic cat, and muttering to himself: "Maybe I ought to have asked them for a farewell broadcast"!

Mr. de Valera has of course been once more denounced by Miss Mary MacSwiney and the other Republican die-hards for his treachery to the Republic. In his Christmas broadcast to America, however, he said it was now clear that the political institutions of the Free State were free from outside control. In the new year the people would be able to frame for themselves the constitution under which they wished to live. The partition of their country would then remain the one formidable barrier to that peace internally and that peace with their neighbours which they so much desired. They wished to be on terms of friendship with the people of Britain as with all other peoples. The obstacles to that friendship were being removed one by one. He looked forward, he said, to the day when they would have disappeared and when the people of these two islands could work as friends for the promotion of all common ideals, and he expressed the hope that this day might come during 1937. This message, which was also meant for domestic consumption, leaves little doubt to those acquainted with the working of Mr. de Valera's mind that he is still engaged upon the commendable but difficult operation of changing front. Responsibility and experience are completing their good work. The question posed in the title of a ROUND TABLE article last December—Free State or Republic?—may now be answered. We have become, and are likely to remain, a republican kingdom.

PARTITION

II. PARTITION

THE political position in the Free State would now therefore seem to be this. Mr. de Valera has accepted freely membership of the Commonwealth. He has no intention whatever of declaring a republic for the Free State, although no doubt the new constitution will provide us with a republican government in everything but name. This has indeed virtually been the situation since the Treaty of 1921. His ideal is a republic for all Ireland, associated with the British Commonwealth, but even this, he clearly hints, he would be prepared to abandon if he could get Northern Ireland by political action to recognise the juridical unity of the country and to look to Dublin rather than to London for final authority. The question of partition thus becomes crucial for the political future of the whole country. There can be hardly any doubt that those responsible for the government of Northern Ireland hold the key, not only to the unity of Ireland, but also, what is perhaps more important, to the unity of the British Isles and the British Commonwealth. There is so far little indication that they are aware of, or care about, this vital fact.

On November 18 Mr. Frank MacDermot, T.D., one of the most fearless, independent, and intelligent members of the Dail, who has become the principal Free State protagonist on this question, introduced a motion in the Dail deploring the failure of the Government to give adequate attention to the problem. He said that anyone was living in a fool's paradise who imagined that the people of this country would ever reconcile themselves to partition, or that good relations between the Free State and Great Britain would ever be possible on that basis. Some of Mr. de Valera's admirers across the water who were talking, he said, as if we could all kiss and be friends, provided a republic for the Free State were set up in external association with the British Empire, were simply ignorant of the fundamentals of the situation. Partition

THE IRISH REPUBLICAN KINGDOM

was vital to the whole question of our relations with Great Britain. It was an evil not only from our point of view but also from the point of view of Great Britain and Northern Ireland. In his view there was only one way of getting rid of partition, and that was for us to gain the good will of the Northern Unionists. It was a heresy, he said, to let matters drift and to hold it was impossible for anybody to do anything about it, and equally a heresy to suggest that it was a problem that could be solved only by Great Britain. But the British Government and people could exercise a great deal of moral compulsion on Northern Ireland. We had on our part to enlist the people of Northern Ireland, as Wolfe Tone did, in a fight against something that was worth fighting, in a fight against poverty, against class hatred, against racial hatred, war, and all the evil things that afflict humanity. We must also be prepared to reassure the North concerning the future of its industries, and to drop sham republicanism as well as the idea of a Gaelic Ireland. If we wanted a united Ireland it must be an Ireland that accepted the Northern Unionists on equal terms and had as much room for their ideas as for our own. We could not overcome the barrier of partition if we allowed ourselves to become pessimistic about it. We should on the contrary have an abundance of faith, hope, and charity.

Mr. de Valera, replying at the close of the debate, said that surely it was absurd to take up the position that the majority of the people of this country should surrender everything they thought right and proper in order to bring the minority into what should be, for them as for us, a common nation. He agreed with Mr. MacDermot that good relations with Great Britain would never be possible on the basis of partition, but not with his suggested cure that they in the Free State should surrender everything. Whilst agreeing that force was no solution, he asked if the majority had any rights whatever in Ireland? Was there to be no limit to what they must do? The minority,

PARTITION

he said, were entitled to equality, to which they had always been admitted, but not to privilege. He thought the proper thing for the Free State to do was to go ahead and do the things they wanted to do because they thought they were right, and to trust very largely to the influence they would have on the minority.

Speaking at a meeting of the Belfast University Literary Society on December 16, Mr. MacDermot carried his campaign into Ulster. He said he could not suppose that any thinking person could be satisfied with the present state of affairs in Northern Ireland. It had an apparatus of government grotesquely out of proportion to the area administered. A third of the population were violently hostile to the régime, and, so far from showing any tendency towards becoming reconciled to it, were only waiting for an opportunity to smash it if they could. They saw the remaining two-thirds of the population disliking and despising the minority, openly boasting that the institutions of the state had a sectarian complexion, and frequently carrying out official or semi-official celebrations of a nature insulting to the minority. If that were all, said Mr. MacDermot, it would be enough to justify him in saying that the state of Northern Ireland was unhealthy. It involved the moral degradation of majority and minority alike. After stating that economic self-sufficiency had proved an idle dream, and that the Free State had been going downhill at catastrophic speed until it was saved by the coal-cattle pact, he said that he felt the fullest and freest national life for the country, materially and theoretically, could be achieved only within the Commonwealth on a basis of loyalty to the Throne. He recognised their right to resent separation from the Empire, their right to resist religious persecution if that were threatened. He admired their grit, courage, and enterprise, but he was far from admiring their attitude of superiority. Every sign of irrationality and of barbarism to which they could point in the "mere Irish" was to a large extent the fault of the ascendancy.

THE IRISH REPUBLICAN KINGDOM

Ten years ago no Free State politician could with safety have made such a speech in Belfast. Mr. MacDermot deserves the greatest credit for the courageous and statesmanlike manner in which he has dealt with this question in season and out of season, and there are signs on this side of the border that his campaign is bearing fruit. Those who desire to study this question in more detail should read a remarkable little book * by Professor George O'Brien of the National University of Ireland, which has just been published. Professor O'Brien has the quality of critical detachment, so rare in Ireland, coupled with a wide knowledge of Irish history and economics. He points out that on the major constitutional question, that of the status of the Free State, everything is to be gained by delay and much might be lost by precipitancy, and that if the economic dispute were finally settled the political issues would eventually adjust themselves. Partition, which in his view is inevitable for the immediate future, should not be allowed to poison Anglo-Irish relations or to drive Great Britain and the Free State further apart. Both countries should agree to treat their existing relationship as a compromise, to be replaced by a more satisfactory arrangement as soon as circumstances permit. Any change that takes place is, in Professor O'Brien's view, almost certain to be to the disadvantage of the Ulster ascendancy, whose extraordinarily impregnable position can scarcely prove permanent. He makes it clear that, in his opinion, corporate union between Northern Ireland and the Free State is for many reasons undesirable and that juridical unity should satisfy Irish national aspirations.

If, he concludes, British statesmen are anxious that Ireland should remain part of the Commonwealth, they must be prepared to treat Ireland, not as a Dominion that evolved from something inferior like a crown colony, but as an ancient nation that existed as a national unit long

* *The Four Green Fields*, by George O'Brien. Talbot Press, Dublin.
3s. 6d.

PUBLIC AND PRIVATE WARS

before Great Britain or even England. They must further be prepared to admit that the area of that nation is the whole island, and that the exclusion of any portion as the result of *force majeure* is a regrettable and unjustifiable wrong, originating in the deliberate policy of plantation in the seventeenth century and continued in modern times by religious prejudice and military mutiny. In other words, the principle of Irish juridical unity must be unreservedly recognised. That the Ulster leaders could settle the Irish question is the moral of Professor O'Brien's book, but that they will do so is a far more doubtful matter. If not, like most thoughtful Irishmen, he believes that patience, the growth of mutual understanding, and the solvent of time are the only hope. In such matters the long view is generally right. A problem that is the growth of centuries cannot be settled in a decade.

III. PUBLIC AND PRIVATE WARS

MEANWHILE our public dispute with Great Britain over the land annuities and our private intervention in the Spanish civil war both continue unabated. It is of course fantastic to talk about an "economic war" when in fact, subject to the collection of the land annuities by Great Britain in the form of tariffs, both countries are doing everything they can to expand their trade and improve their economic relations with each other. Nevertheless there is an exceedingly damaging financial dispute which dislocates trade between the two countries and ought to be terminated. As is usual on such occasions, neither side is prepared to suffer the loss of "face" required to adjust the quarrel. If Mr. de Valera could bring himself to confess, like the "young Marshal," that he is "rustic and uncouth" and that he only withheld the land annuities for the purpose of drawing attention to the Irish farmers' plight, and if Mr. MacDonald on his part could reply that, although it was all the fault of the uncultured Mr. Thomas, who did not comprehend the high motives of Mr. de Valera,

THE IRISH REPUBLICAN KINGDOM

yet he wished to resign his position, and if thereupon, being duly re-appointed, he agreed to accept an *ex gratia* payment to close a dispute which should never have taken place, then all might be happily ended. But unfortunately we have still a lot to learn from the East.

That we may still be able to learn something is proved by the fact that on January 14, when Mr. de Valera was on his way back from seeing his doctor in Zurich, he was able to meet Mr. MacDonald informally in London, and discuss amicably a number of matters affecting the relations between the two countries. So far the only outward and practical result has been the renewal of the coal-cattle pact * for another year, subject to possible modifications of detail. After noting that certain matters arising out of the conversations were under examination, Mr. MacDonald told the House of Commons that the United Kingdom Government were ready to take any opportunity of reaching a satisfactory settlement on outstanding questions between the two countries. Mr. de Valera, he disclosed later, had urged strongly that steps should be taken towards the establishment of a united Ireland. No scheme, however, had been put forward, and the matter was not discussed further. The position of the United Kingdom Government was that any change in the relations between the two Governments in Ireland would require the consent of both those Governments.

The renewal of the trade pact is highly welcome; the trade figures for 1936 reveal that during the year our exports have increased by two million pounds, a result almost entirely attributable to this arrangement. Great Britain and Northern Ireland still absorb some 90 per cent. of our exports, although we take from them only 56 per cent. of our imports. We have, however, just renewed our trade treaty with Germany,† on the improved ratio of three to

* See THE ROUND TABLE, No. 98, March 1935, p. 369, and No. 103, June 1936, p. 572.

† See THE ROUND TABLE, No. 98, March 1935, p. 370.

PUBLIC AND PRIVATE WARS

two. As regards our general agricultural policy, recent figures show that for every extra pound put into the farmer's pocket in respect of wheat and beet the Government is taking £2 10s. out of the consumer's pocket. And in spite of the new industries and endless tariffs it is estimated that last year the number of emigrants to Great Britain was 36,000, that is to say 10,000 more than the average annual emigration, principally to America, in the twenty-five years before 1926.

In the five years since Mr. de Valera took office, expenditure has increased by five millions a year, and Mr. Lemass, the Minister for Industry and Commerce, has recently informed us that we may soon expect further taxation. Five millions have also been added to our total indebtedness, and the five millions withheld annually from Great Britain, in respect of land annuities, have been paid by the farmers in penal tariffs on their exports. It is therefore no wonder that Mr. O'Kelly, the Minister for Local Government, has recently reminded local authorities that they cannot continue spending at the present rate indefinitely. Agricultural conditions are revealed by the fact that the average wages of an adult male agricultural worker, without a free house or allowance of any kind, amount to only 21s. a week. Legislation has, quite properly, been recently introduced to deal with the situation, but this cannot provide an effective remedy unless the general conditions of agriculture improve. If wages are raised beyond the capacity of the farmers to pay, the result will be greatly decreased rural employment and a further shift of population to the towns.

An interesting sidelight has been recently thrown on the Government's relations with the Irish Republican Army through the innocent intervention of Mr. John O'Hara Harte, a Quaker from Philadelphia. This gentleman, who is perhaps accurately, but somewhat unkindly, described by the Government Information Bureau as a "well-intentioned busybody", succeeded in securing an

THE IRISH REPUBLICAN KINGDOM

interview with Mr. Sean Russell, who is apparently the acting head of the I.R.A., and afterwards with Mr. de Valera, for the purpose of acting as mediator between them. Mr. Russell stated he was ready to enter into negotiations. Mr. de Valera, however, promptly informed Mr. Harte that the Government could not enter into any private bargains or arrangements with any section of the community, and that there was full freedom to organise in favour of any political programme so long as force was not used. Mr. Russell retorted by publishing the details of an interview he had with Mr. de Valera at the latter's request two years ago, at which, in reply to a suggestion by Mr. de Valera that the I.R.A. should disarm, he had said the I.R.A. would co-operate with the Government if the latter agreed to declare a republic within a reasonable time, say five years, a proposal Mr. de Valera refused to consider. Mr. Russell went on to point out that had such an understanding been then arrived at the "shootings of Egan and Somerville" * need not have taken place. Comment on this admission is unnecessary. The whole incident illustrates Mr. de Valera's change of attitude towards the I.R.A., which he now apparently realises at last to be a discredited terrorist organisation.

The Government, meanwhile, have taken no overt steps to stop General O'Duffy's intervention in the Spanish civil war.† On December 13 there took place at Galway a secret mobilisation of about a thousand members of his organisation who had volunteered to fight for General Franco. They were promptly embarked on a German cargo ship outside the three-mile limit and departed for an unknown destination. About thirty, after seeing the ship, had sufficient sense to return home. Another mobilisation of several hundred volunteers, at Passage East, County Waterford, early in January, proved a fiasco, as the ship on which the volunteers were about to embark did not

* See THE ROUND TABLE, No. 103, June 1936, pp. 582-583.

† See THE ROUND TABLE, No. 105, December 1936, p. 163.

PUBLIC AND PRIVATE WARS

materialise—for reasons possibly best known to the Government. It is said that General O'Duffy has been given the rank of Major General in General Franco's army. His one-time rival, Commandant Cronin, ex-generalissimo of the Cosgrave Blueshirt organisation, who tried to join the fray on his own account, was refused admittance into General Franco's territory. There must be approximately two thousand Irish volunteers with Franco's forces. Certain members of the I.R.A. are fighting on the Government side, and it is a pity that more cannot be induced to follow their example. The Spanish civil war would at least have served some useful purpose if it enabled us to get rid of some of our wild men of both varieties. It is to be expected that those who return will be sadder but wiser men; whether they will be more valuable members of society is doubtful.

When the Dail adjourned on November 27 Mr. Cosgrave, who seems to be obsessed with the fatuous notion that the only duty of an Opposition is to oppose, moved that the Government should recognise the Government of General Franco, on the ground that the Caballero Government was communist and stood for everything we abhorred. Mr. de Valera replied that they could not recognise the Franco Government until there was some clear indication of its stability, and they did not see why they should do more in the matter than the Vatican had done. The policy of the Government, he concluded, was in accordance with the usual practice; it was also the right and prudent policy, best in the interests of this country, best in the interests of Spain, and best in the general interests of world peace. With these conclusions most sensible people will agree. It is worth noting that the Catholic Hierarchy have been wise enough not to identify themselves publicly with Mr. Cosgrave's motion or General O'Duffy's mischievous antics.

The Irish Free State,
February 1937.

THE EMPIRE AND THE CRISIS

Editor's Note

AN earlier article has told the story of the abdication crisis and dealt with its implications for the Commonwealth constitution. In the following pages we have brought together the accounts that we specially requested our correspondents in the Dominions and India to send of the reaction of public opinion in those countries to the events of last December. They may be allowed to speak for themselves without editorial comment.

I. CANADA

IT goes without saying that the abdication of King Edward and the events that led up to it profoundly stirred the Canadian people. The shock was doubtless less than that sustained by any other nation of the Commonwealth, for the reason that, while the Canadian press maintained throughout last year almost as complete a silence as did that of the United Kingdom, Canadians could not remain unaware of what was appearing in the American press. As, throughout the summer and autumn, the flood of comment, speculation and prediction gathered way, uneasiness and even alarm as to what it all portended grew apace. When the true facts were at last made known, and the difficulty and danger of the situation were realised, the feeling uppermost throughout the country, next to that of infinite regret, was one of hope that somehow a solution would be found that would not necessitate abdication. Based primarily on a very real and deep regard for, and loyalty to, King Edward, this feeling had in it an element

CANADA

of fear lest such a happening might do harm to the institution of the Throne. When, however, the only alternatives to abdication became clear, the country, practically without a dissenting voice, accepted abdication as the only possible solution. It only remains to add, so far as the public are concerned, that with the feeling of regret that it had to be, and of relief that a minimum of harm had been done, went admiration for what the Prime Minister described as "the sympathetic and sagacious manner in which Mr. Baldwin dealt throughout with one of the most difficult situations with which any Prime Minister could possibly be faced", and thankfulness that in the new King the Empire has a Sovereign on whom it may depend to carry on the fine tradition of his revered father.

The unanimity of the country as to what had to be done is confirmed by the fact that in the lengthy parliamentary discussion of the whole situation there was no word of criticism on that score. It is thrown into all the greater relief by the marked disagreement as to the way in which it was done, as far as Canada was concerned. The controversy in Parliament over the propriety or otherwise of the methods adopted by the Government to fulfil the Statute of Westminster evoked, however, little response in public sentiment. On the contrary, instead of the crisis being regarded as an occasion for asserting rights of equal status and the like, its effect was rather to emphasise not our autonomy but our unity. This was well expressed by Mr. Lapointe, the leading French-Canadian member of the Government, when he said in Parliament :

I desire to say to-day that the British Throne is the cement, the bond that unites all of us, and if it should disappear and be replaced by some other form I am afraid that the end of the British Empire would be in sight, and that Canada would soon not be part of the British Commonwealth of Nations. That is the great and the consoling lesson which comes to us as an outcome of all these troubles, which caused concern to many people throughout the Commonwealth and even throughout the world. But we are proud to say at the end that the action which has been taken, the

THE EMPIRE AND THE CRISIS

sentiments which have been expressed, the feeling of all British citizens throughout the world, have been such that we have demonstrated not only to everyone in our own dominions but to all the world the granite strength of the British constitution, enshrined as it is in the British Throne.

II. AUSTRALIA

THE events that culminated in the abdication of Edward VIII profoundly moved the Australian people. In an atmosphere of rumour and uncertainty, it was hard to gauge public opinion exactly. Mrs. Simpson's name was not unknown in Australia before December. Her photograph had appeared in many newspapers. But in the Australian press as a whole there had been very little sensationalism and gossip. The news of the impending crisis came suddenly, and people were, to some extent, bewildered and undecided.

The first expressions of opinion by the newspapers were stern disapproval of the suggested marriage, and this remained the attitude of all responsible-minded Australians, particularly of those who most cherished the loyalty of their country to the Throne. But the Australian people had an affectionate regard for King Edward, an appreciation of his public service in the war and since, and a strong admiration of his sympathy for the poor and of his outspoken condemnation of social injustices. There was much genuine sympathy for him in his stress. There was some sentimentalism, the inevitable outcome of the romantic aspects of the circumstances. But there were also very many people who in private conversation gravely censured the King (sometimes with a bitterness which they may have since regretted) for forgetting his duty to the Imperial Throne, for allowing the situation to arise and for delaying in ending it. The press, however, refrained from passing judgment on an issue that everyone agreed was a matter for the King himself to decide.

The emergency did not cause any serious political

AUSTRALIA

partisanship. The New South Wales faction of the Labour party, which follows Mr. Lang and is ever ready to find a sinister capitalist conspiracy, asserted that there was a plot by reactionary conservatives to depose a King whose democratic sympathies were unwelcome. The members of that group in the Federal Parliament were suddenly zealous in their protestations of loyalty, and characteristically refused to believe the statements of Mr. Baldwin and Mr. Lyons that the King's decision was his own; when the climax had come, however, they found it difficult to repudiate the assurances of King Edward himself. The Leader of the Opposition, on the other hand, agreed firmly with Mr. Lyons that the abdication had been unforced and inevitable, and he insisted that the Australian Labour movement would never have agreed to the alternative of a morganatic marriage.

The King's decision was heard with a sense of relief that the uncertainty was at an end, but with widespread regret. Many people had hoped until the last that he might choose differently. But when Mr. Baldwin's speech was read and heard here, public opinion steadied itself and quietly accepted the inevitable. There has since been little disposition to judge King Edward's action, beyond, in the circumstances, approving it. It is needless to say that his farewell message profoundly touched the Australian people, and, upon reflection, perhaps most of us felt that his decision would indeed "in the end be best for all."

King George VI won the esteem of the Australian people, and Queen Elizabeth an enthusiastic affection, when they visited us in 1927. To them Australians yield unquestionable loyalty, and the Commonwealth of Australia remains unshaken in its allegiance to the Crown. It is noteworthy that in no quarter did anyone seek in any way to take advantage of the situation to loosen imperial ties.

During the early period of confused emotions and

THE EMPIRE AND THE CRISIS

diverse opinions, and later after the news of the abdication was received, the people acted with calmness and dignity. There was no public clamour, no demonstration of any consequence. The Australian public seems quite ready to regard the whole incident as closed and a matter of history. The steadiness of the public was perhaps the most impressive feature of events that for that reason can scarcely be called a crisis. What to us seemed little less significant was the demonstration of the strength of parliamentary institutions throughout the Empire. The Statute of Westminster successfully stood its first trial. The British nations were capable in an emergency of achieving united action by co-operation, made possible by modern means of rapid communication. The Statute of Westminster was worked by wireless.

III. SOUTH AFRICA

TO the great mass of South Africans the crisis came as a shock for which they were entirely unprepared. The whole of their press had observed an appropriate reticence in regard to the events that led up to it. Moreover, during his visits to South Africa as Prince of Wales, King Edward VIII had laid up for himself a store of affection in the hearts of the people, and left on the minds of those who came into closer contact with him the impression that he was possessed of an ultimate sense of duty strong enough to triumph over any personal inclination.

On the immediate issue of the proposed marriage between the King and Mrs. Simpson all sections of the South African public were strikingly unanimous. Had it merely been a question of the King's desiring to marry a commoner, there would probably have been no such unanimity. The attendant circumstances were such, however, that it was felt that the proposed marriage, whatever form it took, would be entirely inappropriate. The strong vein of Puritanism that still characterises the older

SOUTH AFRICA

section of the South African people, and is not absent from the outlook of the British section, was of course an important factor in determining public opinion.

South Africa appears to have grasped, at a very early stage of the crisis, the fact that there is something more important than the person of the Monarch, and that is the institution of the Monarchy. That fact makes it easier than it otherwise might have been to assess the reactions of its people on the wider issues raised by the crisis. Here, however, one must distinguish between different sections of the people. For those citizens of the Union who are of British birth or descent the sentimental aspect was especially important—perhaps even more important than for men of the same stock in other parts of the Commonwealth, if only because they live alongside a majority element in the Union's population which does not share their sentiments. From their point of view the constitutional crisis has not merely delivered a blow to the prestige of the British Monarchy; they have felt it also as something in the nature of a stigma on themselves as Britishers.

On the other side of the South African nation the approach to the question has been determined largely by political affiliations. The Afrikaans-speaking South African who values the association of South Africa with its colleague-states in the British Commonwealth—its best friends, as General Hertzog has described them—and who appreciates the significance of the Crown as the linchpin of the partnership, viewed the potential threat to the institution of the Monarchy with genuine regret and apprehension. His kinsman of the Nationalist Opposition, who desires or professes to desire a termination of that association, and who in any case rejoices in anything that embarrasses the Government, derived from it a certain amount of satisfaction. Yet, apart from a speech by Dr. Malan, in which he took the crisis as the text for a homily on the greater suitability of a republic than a monarchy to South African conditions, the satisfaction was, in public, decently veiled.

THE EMPIRE AND THE CRISIS

On the whole, the Opposition press has refrained from any unduly blatant exploitation of recent events for party ends.

Of greater interest, however, has been the attitude of that section of the Afrikaans-speaking people of South Africa represented by General Hertzog and most of his colleagues in the Cabinet. It is clear that throughout the crisis the South African Cabinet worked in the closest co-operation with the British Cabinet; it is clear also that it was dominated by the desire to maintain the prestige and dignity of the Monarchy. And therein it seems that it was reflecting the spirit and attitude of mind of large numbers of the South African people not of British descent, many of them born under republican rule. Indeed, the crisis has apparently served to bring home to many in South Africa, who had not previously realised it, the significance and value of the kingship in relation to their own country.

Only two members of the Cabinet, Mr. Hofmeyr and Mr. Sturrock, the new Minister without portfolio, had occasion to speak in public round about the time of the King's abdication. Both of them commented on the tremendous value of the partnership of the British Commonwealth for South Africa and for the world, and both emphasised the importance of the Crown in relation to it. And Mr. Hofmeyr went on to say :

Though it may seem to some that a severe shock has been administered to the Monarchy by recent events, I for one believe that, when they come to be viewed in their right perspective, the institution will be seen to have emerged not weaker but stronger than before.

One special aspect of the matter has not passed unnoticed in South Africa, and that is the effectiveness of Commonwealth co-operation, and the smooth working of the machinery for securing such co-operation, in a matter of the very gravest difficulty. There can be little doubt that, as far as South Africa is concerned, the crisis, so far from proving to be disruptive in its effects, has tended to

NEW ZEALAND

draw the Commonwealth closer together. And for that it is recognised that a large part of the credit must go to the statesmanship, the insight, and the humanity of Mr. Baldwin.

IV. NEW ZEALAND

THE first impulse among the people of New Zealand, when the crisis broke upon them, was to find some compromise that would allow a beloved Monarch to remain on the Throne and to marry the woman of his choice. But as the story was unfolded with painful logic by Mr. Baldwin the public saw clearly that abdication was the only possible outcome. There was no disposition at all to blame or to criticise. The only criticism was that things had gone so far before our people knew anything. Puzzled exasperation was caused by a succession of press speculations, each of which originated with some reputable London newspaper and eventually proved quite unfounded. For example, the public was informed that Mr. Baldwin had assured the King that neither his own party nor the Labour party would carry on the government if His Majesty continued with his intentions. Then it was stated that if the King abdicated he would have to live outside the British dominions for the rest of his life, and that he would lose all rank and title and be merely "Mr. Windsor". This is not a case of too little freedom of the press but of too much. That the Dominions should receive such inaccurate information at a time of grave imperial crisis is a matter of serious concern.

Another danger, we now see, might well arise from the convention of silence that surrounds the Throne and that caused the Empire press to refrain for months from commenting on alarming statements that were freely current in the press of the United States and other countries. The British public no doubt had some inkling of what was happening, but people in this Dominion, who are equal partners in their allegiance to the Throne, knew very

THE EMPIRE AND THE CRISIS

little. Until the Bishop of Bradford uttered his measured reproof of King Edward's indifference to religion, the people of New Zealand were quite unaware that there were any grounds for uneasiness. Then quite suddenly it appeared that the Monarchy, which was enshrined in popularity and reverence, was in fact slipping towards the edge of a chasm. It took several days for the public to recover from its amazement, but from that point public opinion moved smoothly and unerringly along the same lines as in Great Britain.

The only temper shown was one of impatience that the crisis should be got over as soon as possible. The Monarchy had suffered great loss of prestige; the faith of the oversea democracy was shaken and disillusioned; but there was no need to prolong the uncertainty. As early as December 4 the *Evening Post* said :

Nothing that has happened in the long chain of events in dictatorship politics exceeds in seriousness, from democracy's standpoint, the cloud that threatens to come between the British people and their King and between the Empire and its remaining symbol, the British Crown. . . . Its wearer cannot live in defiance of constitutionalism, and ought not to live in defiance of propriety. . . . The abdication of King Edward . . . will be a great blow to modern British monarchical tradition, yet preferable to the cloud over the Crown becoming permanent and weakening the will of Britain and the co-operation of the British Commonwealth of Nations in the great crisis that is evidently at hand in world affairs.

The *Dominion* noted on December 10 the remarkable fact that

a preponderantly Conservative Government at home, a Liberal Government in Canada, coalition Governments in South Africa and Australia, and a Labour Government in New Zealand are in agreement, more especially when they alone among the peoples of the Empire are in possession of all the facts.

There was not evident anywhere in our press the slightest desire to decide the matter apart from the other Dominions, or to insist on special or separate consideration. The

INDIA

machinery of consultation among Empire Prime Ministers seems to have functioned quite satisfactorily. The New Zealand people, as represented by a Labour Government, has never asked for a review of its constitutional position as accepted by Tory predecessors. The Dominion remains, as it was, within the Commonwealth, glad to see the Irish Free State make a similar choice, and confident that our constitutional system will emerge strengthened rather than weakened by what was in effect a demonstration of the control of Parliaments over the Crown.

For the rest, the press comments were a unison of sympathy with the ex-King and Queen Mary; of admiration for the conduct of Mr. Baldwin, and determination, now that it is all over, that the Crown shall regain its high prestige, as far as the unfaltering loyalty of its people in this Dominion can contribute to that end.

V. INDIA

INDIAN reactions to the crisis were marked with a bewilderment which, in responsible quarters, gradually resolved itself into a recognition of the inevitability of King Edward's decision to abdicate. Before the issue had become a public controversy, the Indian press, like the British press, had refrained from discussing the private affairs of the King; and when the question did become one of public moment Indian newspapers showed great restraint and dignity in dealing with it. Generally speaking, the more important of the English-written Nationalist newspapers independently reached the same conclusions as were reached by the responsible press in Great Britain. It was quickly realised that the issue narrowed itself to renunciation of the proposed marriage or abdication. While the deepest sympathy was felt for the King in his dilemma, it was felt that delay in making a decision might bring serious constitutional complications; it was even thought that there were dangers to the status of the Crown, although

THE EMPIRE AND THE CRISIS

loyalty to the Throne and the reigning House was a characteristic feature of all discussion.

Underlying much of Indian comment, however, was a feeling of surprise that the King could not marry where he chose. The fact that Mrs. Simpson had divorced two husbands, both of whom were alive, was realised to present grave difficulties, at least for the Coronation ceremony. But the Indian attitude towards kingship, deriving from ancient traditions, inclines to allow a wide latitude of matrimonial choice to rulers and princes. From this angle the more extreme press showed resentment that the King should even have to consider abdication as a solution. Such comment, however, was frequently warped by that political bias which some sections of the Indian press invariably adopt towards British political affairs.

The actual act of abdication was genuinely and generally deplored, even though its inevitability had been anticipated. There was immediately a widespread reaction in favour of King Edward, based on his renunciation of the Crown of the greatest Empire known to history. The idea of renunciation as an attribute of greatness is so ingrained in the Indian mind that the King's decision, on its human side, was interpreted as a noble and altruistic act, even in some newspapers which previously had contended that abdication was the only constitutional solution. By some the abdication was portrayed as a triumph of political forces and clerical reaction over the conscience of a popular Monarch, largely because the dramatic act of abdication was, to the Indian mind, invested with religious significance. But the opinion of those who, until the end, viewed the crisis purely in its constitutional aspects retained a close similarity with that which in Great Britain unfalteringly brought the issue to its climax.

In the face of a crisis that vitally affected every part of the British Commonwealth, Indian opinion coincided with British opinion on the issue of upholding the dignity of the Throne. Even among those whose political history

INDIA

might have inclined them to follow a different line, there was a very real appreciation of the function of the Crown and its value in binding the sister peoples of the Commonwealth. The political animosity that is so regular a feature of Indian comment on British affairs was curiously absent throughout the period of crisis, and, after the abdication, Indians promptly and gladly acknowledged their allegiance to the new King and his Consort. The *Nationalist Call*, an extremist newspaper in Delhi, declared that the abdication had "in no way lowered the estimation in which the Throne is held in India", while Sir Tej Bahadur Sapru, who is generally regarded in this country as an authority on constitutional matters, indicated in a widely reproduced statement that he was confident the Monarchy would survive the shaking it had received and would recover its prestige. In India, as abroad, the stability and continuity of British institutions were praised in tributes both to the King and to Parliament; and the power of a genuine democracy to surmount so unusual a constitutional test found recognition mainly in tributes to the tact and genius of Mr. Baldwin in peculiarly difficult circumstances.

PARTIES AND POLITICS IN INDIA

I. THE PROVINCIAL ELECTIONS

DURING the past three months, political interest in British India has been concentrated almost entirely on the elections for the new provincial legislatures. The volume of interest shown in the campaign has been somewhat surprising, in view of the contention, so often repeated by Indians of various political persuasions, that the reforms in their present shape are unwanted. It is true that the Indian National Congress is contesting the elections with hostile intent towards the reforms as a whole, particularly towards the proposed federation with the Indian states. The Congress is endeavouring to maintain its position as the central agency for nationalism, and some of its leaders are genuinely concerned about the deep and growing interest that is being shown in provincial affairs, even by its own members. The party has been virtually forced by events to contest the elections. It aims at winning as many seats as possible, in order that its non-constructive policy may have some chance of success under the new conditions. Many Congress candidates are therefore standing. They hope to have a substantial share of the 1,585 seats in the Legislative Assemblies of the eleven provinces and some representation in the Legislative Councils—the upper houses of six provinces: Madras, Bombay, Bengal, the United Provinces, Bihar, and Assam. It is estimated that the electoral rolls contain approximately 30,000,000 names, which falls short of the anticipated electorate by about 5,000,000. Something like one-sixth

THE PROVINCIAL ELECTIONS

of the voters will be women, who will thus be given an influence in Indian affairs reasonably in proportion to their ability to exert it.

The campaign is, of course, without precedent in recent political history in India. No one knows how the expanded electorate will use its opportunities. There is a bewildering variety of parties and policies, indeed in some parts of the country much confusion. The Congress is the only organised body that is contesting seats in every province. The All-India Liberal Federation has many individual candidates throughout the country, but the Liberals are only loosely organised, finding it difficult to get men to oppose the Nationalists, who claim a monopoly in those political and constitutional ideals to which Liberals subscribe. The All-India Moslem League fosters the interests of Moslems everywhere, but is naturally principally concerned in protecting their status in those provinces where they are in the majority—the Punjab, the North-West Frontier Province, Bengal, and Sind. In the Punjab, however, a provincial organisation, the Unionist party, appeals to the majority of the Moslems. The party was founded by the late Sir Fazli Husain and is now led by Sir Sikander Hyat Khan, who is sponsoring a realistic social and economic programme. In addition there are several sectional groups among the Punjab Moslems, some of which have genuine political platforms, while others derive almost entirely from communalism. The Congress is somewhat weak in the province, and finds its difficulties increased by opposition from candidates representing the Hindu Mahasabha, which disagrees with several aspects of Congress policy, and the Congress Nationalists, who are opposed to the main party's attitude towards the Communal Award.

Party organisations have been slow in shaping, except in Madras, where the sincere efforts to work the earlier reforms have given reality to political alignments. The contest in Madras is between the Congress, the Justice

PARTIES AND POLITICS IN INDIA

party, and a newly formed People's party. Should the Congress win, it is fairly safe to predict that its provincial members will be willing to accept office. Their leader, Mr. S. Satyamurthi, has long indicated his desire to do so. But it is possible that the higher party leaders may decide against the acceptance of office; and their attitude is likely to be determined largely by the success they achieve at the polls. Elsewhere in the country the elections are being fought by minor provincial parties, and by individuals who hope to obtain election by personal influence and local popularity. The existence of communal constituencies and of representation for special interests makes it fairly clear that some of the future Governments must take the form of coalitions. This has already been foreshadowed in Bengal, where Hindu and Moslem leaders have arranged to share Ministerial offices. This agreement is essentially a political one, and does not imply the solution of the communal problem in that province. But as a working arrangement, designed to facilitate the handling of the reforms, it should tend to minimise communal tension, which has long existed in Bengal over the Communal Award, and particularly over the so-called Poona Pact.

By the time this appears in print the elections will be over and the provincial Governors will be forming their Ministries. In making his appointments each Governor has been instructed to select his Ministers in consultation, first, with the elected member who is most likely to command a stable majority in the Legislature, and, secondly, with those persons (including members of minority communities) who will be in the best position collectively to command the confidence of the Legislature. The Governor has also to bear in mind the need for fostering the idea of joint responsibility among his Ministers. These instructions predicate party or coalition Governments, and as parties as such are scarce the tendency will be towards coalitions. In future the Governor will have to be guided by the advice of his Ministers, unless such advice is

CONGRESS DISSENSIONS

inconsistent with the fulfilment of his special responsibilities. Meanwhile, appropriate financial arrangements have been made to enable the various administrations to be conducted pending the preparation of budgets by the new Ministries.

II. CONGRESS DISSENSIONS

THE annual conferences of the Indian National Congress and the National Liberal Federation were held towards the end of December. The Liberals met at Lucknow, but on this occasion the Congress held its session in a Maharashtra village, Faizpur in the Bombay Presidency. This innovation was approached with misgiving by many, as it was a new experience to stage a political *tamasha* in a rural area. But it appears to have been successful enough, as the Congress leaders have decided to hold their next session in a similar environment in Gujerat. The object in selecting rural sites is to enable the Congress to strengthen its hold upon the agricultural population, and to enhance its claim to speak for the masses. The idea originated with Mr. Gandhi, whose last act in withdrawing from formal association with the party in 1934 was to see that efforts were made to increase the rural influence of the Congress. This has been achieved to a large extent. The number of primary members of the Congress is officially given as 636,131, of whom 433,176 are described as rural members. These primary members are the source from which accredited delegates to the annual sessions are drawn. The delegates at Faizpur numbered 2,222, of whom 1,528 represented rural constituencies.

The need for a stronger mass basis for the Congress was emphasised by its President, Pandit Jawaharlal Nehru, but little that was new was promulgated from the convention platform, and nothing was disclosed to indicate how the organisation was solving the main problems that faced it. The chief controversies within the Congress in recent months have been over socialism, the Communal Award,

PARTIES AND POLITICS IN INDIA

and the question of accepting office under the new reforms. Pandit Nehru is an avowed socialist, and he hopes that the "logic of events" will lead to the establishment of a socialist state in India. But for the moment he has decided to relegate socialism to the background of his political philosophy, giving prominence instead to the campaign for independence. For this purpose he urges the formation of an "anti-imperialist front", which he believes will emerge in its fullest form when the Congress brings within its fold all existing peasant and workers' organisations, and all other political units that are prepared to give the demand for independence first place in their policies.

This side-tracking of socialism has not passed without criticism, either from socialists or from non-socialists. The socialists condemn it as temporising with a creed in which they have the fullest faith; the non-socialists criticise it on the ground that the socialist theory has not been discarded by the leader of a popular movement, many of whose members are strongly opposed to it. While the influential Madras newspaper, the *Hindu*, described Pandit Nehru's ambiguous attitude towards socialism as "all very confusing", there is no doubt that the orthodox members of the Congress were appeased by the elimination of socialism from the President's immediate goal. The unity which the Congress ever seeks to maintain has been preserved, at least for the moment, by Pandit Nehru's new policy.

The resolutions passed at Faizpur ranged over a wide field, touching Burma and Spain, outlining an Indian policy in the event of a European war, and reiterating the party's well known views on the constitution, the "suppression of civil liberties", and other political subjects. Some prominence was given to the idea of a Constituent Assembly, an old proposal which was presented in new form in connection with the elections to the legislatures. Some indication of the party's intentions was given in the resolution that was adopted.

CONGRESS DISSENSIONS

. . . The Congress repeats its resolve not to submit to this Constitution or to co-operate with it, but to combat it. The Congress does not and will not recognise the right of any external power or authority to dictate the political and economic structure of India, and every such attempt will be met by organised and uncompromising opposition of the Indian people. The Indian people can only recognise a constitutional structure which has been framed by them and which is based on the independence of India as a nation, and which allows them full scope for development according to their needs and desires. . . .

The party claims that a genuine democratic state in India can come into being only when power has been transferred completely to Indian hands, at which time a Constituent Assembly, elected on the basis of adult suffrage, will devise the future constitution. In the meantime the intention is to keep the idea of a Constituent Assembly well to the fore, and a convention will be held in March to develop the scheme. The convention will be confined to those Congress members who are elected to the new legislatures, the All-India Congress Committee, and such others as the party may decide to include. In effect the convention will remain a party caucus, concerned to design measures for "ending" the constitution in the provinces and opposing the introduction of federation.

As a result of criticisms in the nationalist press, Pandit Nehru has been forced to elaborate his intentions in the matter. He has indicated that the actual Constituent Assembly cannot be convened until the substance of power has passed to Indian hands. He presupposes that all Indian political thought will then find its sole expression through the Congress party, an ideal that shows no sign of early realisation. Liberals and moderates find fault with much of the Congress creed, and the great Moslem minority refuses to recognise the Congress as the one political organisation capable of speaking for the whole country.

The Faizpur delegates agreed to leave a decision on acceptance or non-acceptance of office until the elections were over. The Congress speaks with two voices on this subject. Pandit Nehru is entirely opposed to the acceptance

PARTIES AND POLITICS IN INDIA

of office, a logical enough line for one who maintains that the constitution cannot be wrecked by co-operating with working it. On the other hand, many Congressmen are quite willing to assume office. The general attitude of the party to the reforms, however, finds reflection in the decision to observe a *hartal* on April 1, the day provincial autonomy is to be introduced. The delegates also favoured non-participation in the Coronation *darbar*, although they endeavoured to make it clear that this implied no discourtesy to the King. It is recalled that during the Jubilee celebrations of 1935 a similar call for non-participation went unheeded by the people, who showed the deepest interest in the observance. The party's proposal is therefore not so serious as outside observers might think, and it differs to some extent from former policies adopted by Congress members in regard to official ceremonies. The difference lies, as a Delhi nationalist newspaper pointed out, between "abstention and boycott". Boycott has not been suggested, and it is fairly certain that a visit from King George and Queen Elizabeth will be popular with the vast majority of the Indian populace.

III. LIBERALS AND REALITIES

WHILE the Indian National Congress was losing itself in a labyrinth of false premisses at Faizpur, the National Liberal Federation at Lucknow was analysing political conditions in the country with a much deeper appreciation of realities. The Liberals may be as vehement as the Congress in their denunciation of the reforms, but they recognise that the new constitutions in the provinces are far in advance of those they will displace. While the Congress aims at wrecking the reforms, the Liberals advocate the acceptance of office, with a view to working the constitution for the benefit of the people.

Sir Cowasjee Jehangir, President of the Liberal Federation, was outspoken in his criticism of the Congress policy,

LIBERALS AND REALITIES

particularly regarding the party's indecision on the matter of accepting office. In his presidential address Sir Cowasjee pointed out that there was something unfair to the voters in the Congress decision to contest the elections without committing themselves to the assumption of office. In his opinion a policy of this kind would not be tolerated in any country where the electors were trained to a sense of political responsibility, and he contended that the Congress leaders were treating the voters with contempt. Although the Liberal party was far from being satisfied with the reforms, their leaders were prepared to accept office. The Government of India Act was an accomplished fact, and marked a definite advance on the existing constitution. Sir Cowasjee Jehangir reiterated the widely held belief that in the future much will depend on the Governor General and the Provincial Governors. He believed that

given men with wide sympathies and common sense, with which the British nation has been amply endowed, and given Ministers who will not seek deadlocks, the constitution should be given a fair trial. Its success must ultimately lead to a vast expansion of powers, equal to those enjoyed by the Dominions.

This attitude towards the Act finds a response in various political quarters, although the Congress, with its elaborate organisation and a supporting press, gives contrary opinions a wide circulation.

Views of the kind held by Liberals will no doubt find greater endorsement when provincial powers have passed to Indian hands. Hitherto the Congress has never permitted itself to be placed in a position that would require its leaders to render an account of their stewardship to those whom they claim to represent; but in future, and particularly in those provinces where they may elect to take office, the party will be subjected to the normal pressure of public opinion. Doubtless this colours the outlook of those who are opposed to accepting office, for already the Indian press has shifted its attitude towards the reforms and has expressed decided opinions on a variety

PARTIES AND POLITICS IN INDIA

of political issues in such a manner as to make it clear, even to Congressmen, that theorising is not enough. So long as Congressmen are in the wilderness, declaiming popular shibboleths, realistic criticism has been silenced; but Congressmen as Ministers will be forced to recognise, and even accept, the new opinions, although the party will never wholly be deprived of its power to create deadlocks in the legislatures.

IV. POPULATION AND FOOD SUPPLIES

THE latest annual report of the Public Health Commissioner with the Government of India throws into new perspective the old problem of population in relation to food supplies in this country. The last census disclosed that the population of India bordered on 353,000,000, a figure that placed India above China as having the largest population of any country in the world. The population increase in the decade between the censuses of 1921 and 1931 was approximately 34,000,000, which in itself almost equals the population of France. It is estimated that by 1941 the population will approach 400,000,000, and whether this enlarged population can be balanced by an increased food production is a problem of some gravity.

It is clear that this country needs a higher standard of living and improved health conditions, and it is generally assumed that these may be obtained either through increased food production or through a drop in population. A decline in population is not a likely prospect in the immediate future; the customs, living conditions, and illiteracy of the people suggest that the population increase predicted for 1941 is likely to be fulfilled. It would be unwise, however, to conclude definitely that food production will be unable to keep pace with the increase. Agricultural research is constantly yielding methods for increasing productivity, and under Lord Linlithgow the agricultural activities of the Government have been given

POPULATION AND FOOD SUPPLIES

a distinct impetus in recent months. The Viceroy has repeatedly emphasised the need for using the achievements of scientific research for the practical benefit of the people. The Imperial Council of Agricultural Research, since its establishment in 1929, has immensely improved agricultural methods and practices in this country, and has proved its efficacy in improving crops and yields wherever better varieties of crops have been planted. Such work is constantly expanding and developing.

Although there is evidence of widespread under-nutrition in India, there is nothing to show that the *ryots* are worse fed now than in earlier days. This may not be a satisfactory comparison, as standards have been notoriously low for generations. But it is quite probable that the absorption of foodstuffs over a period of years has risen in proportion to the population. For those who believe that improved economic conditions, or a rise in the standard of living, will be followed by a drop in the birth rate, there is some evidence in the Health Commissioner's report that economic conditions are improving; while for those who hold that sooner or later increasing density will tend to lower fertility there may be some consolation in the fact that population density is increasing throughout India. The report also stresses one important factor in regard to the birth rate. There is a considerable volume of opinion among those qualified to judge that the age of females at marriage is rising; this rise will tend to reduce fertility and to lower the birth rate. But in whatever direction the solution of the population problem in India may lie, it is now accepted that there is an urgent need for an investigation into the state of nutrition and dietary habits of the people.

India,

January 21, 1937.

PRESIDENT ROOSEVELT'S 'TIGHT-ROPE

I. NEUTRALITY PROJECTS

THE basic fact about the United States of America to-day which ought to interest readers abroad is that President Roosevelt has definitely made up his mind to do something of assistance in the troubled world situation. Neither the President nor his advisers, however, know exactly what to do. For two months now they have been exploring all possible suggestions. They have not yet found a program that would meet the two requirements: support of the American people, and genuine helpfulness to the other nations. If or when they do find such a program, President Roosevelt will probably spring to action with all the dramatic eagerness of his character. There is, of course, no assurance that any such course of action will be discovered. The limitations are severe. Public opinion would not support the President in any overseas program that seemed to "involve" the nation. Only some "moral" gesture, some action in the field of disarmament, or perhaps some economic or financial plan, would meet with approval among the vast American majority.

But it is not easy to suggest any "moral" gesture, any disarmament scheme, which would be of genuine value to the nations striving to keep the peace. Already, in 1933, President Roosevelt suggested in a communication to the heads of States that they enter into a non-aggression agreement, pledging themselves not to send their troops across their own national frontiers. Revival of this plan is being suggested here. But its emptiness is pretty well realized. President Roosevelt is well informed on world affairs;

NEUTRALITY PROJECTS

he is a political realist served on the whole by realists, and so he, too, must have discounted the advantages of any such pledge by the nations.

Another suggestion, which is apparently being canvassed at the White House and State Department, is an armaments holiday, or standstill agreement. It is recognized that the armaments race is perhaps the most vicious arc in the whole vicious circle in which the nations are now entangled. But 1937 is hardly the time to suggest freezing present strengths, as people here fully realize, unless some device permitting the completion of present rearmament programs were included. To that idea, also, there are obvious objections. So the State Department brain-trusters, racking their over-worked heads, are driven out of first one and then another suggestion. Even the fertility of peace-planners runs thin.

Yet the contribution that the United States has already made, and is perfecting still further, in the evolution of its "neutrality" laws should be recognized and analyzed. Seeing that these laws require impartiality of treatment towards possible aggressor and aggressed alike, the collective-actionists have been prone to criticize and ridicule them. But a little more realism in considering these laws in relation to practical war-time conditions brings a different view.

First of all, no matter what the form of the final neutrality law that is passed at this session of Congress (and the Bills are as yet in an early legislative stage, with President Roosevelt's hand not yet disclosed) it is already clear that we have renounced the doctrine of "the freedom of the seas" as it has waved irascibly over American foreign policy down through the years. Of course, whether we "wage" neutrality or "suffer" neutrality depends on public opinion as reflected in the policy of the President. It is really not a matter for Congress at all. From 1914 to 1917, we were waging neutrality. The flag followed the war-time trade, from our shores to those of our customers. Germany's submarine warfare assaulted our ships, Great Britain's

PRESIDENT ROOSEVELT'S TIGHT-ROPE

seizure policies also violated our neutral claims. As has been so often pointed out, if Germany had played a more clever game with the United States, we might have been deeply embroiled with Great Britain. That danger has been removed for the time being by American public opinion, expressed in the neutrality statutes. But the most important factor is that opinion itself. If any American goods were seized, or American citizens got into trouble in new war areas, it seems clear that opinion would to-day declare: "They should have kept out of harm's way". The fact that the United States will not be striding about the world with a chip of neutral rights on its shoulder in the event of another war should be a profoundly reassuring fact, not so much to possible aggressors, but primarily to Powers that may be on the democratic, peace-defending side. Particularly, our new policies and state of public opinion should be of intense importance to the Powers that control the seas.

The probable form of our new neutrality statutes is almost equally reassuring to the sea Powers. Everything is headed now toward a re-enactment of our previous neutrality legislation, *plus* some form of "cash-and-carry" plan. This means, of course, that we would sell war materials only for cash, and would insist that they be transported in somebody else's ships. Great Britain has the shipping with which to bring needed war materials to Europe—or at least has incomparably more shipping than any of its potential enemies. It also has more available cash, not only in its own coffers but in the United States already. American banking authorities estimate that over \$7,000 million (£400 million) in foreign investments are now placed in the United States. Of this total, well over one-half is in British and French hands. About one-fifth, incidentally, is estimated to be in Dutch and Swiss hands. It is clear that Great Britain could find the cash to buy war materials in the United States, first through use of available funds in London, then through use of short-term deposits in the United

NEUTRALITY PROJECTS

States, and finally through disposing of American securities. In its last stages this process might be drastic, but nevertheless Great Britain has the financial resources to buy war supplies in the United States to the total of thousands of millions of dollars.

Thus, Washington does not believe that its present neutrality policies, even if implemented by a cash-and-carry plan, should seriously disturb Great Britain or the democratic States of Europe. The neutrality laws—if enacted as they now shape—would, of course, prohibit export of arms, ammunition, and instruments of war to both sides. But it is assumed that the democratic States—like their opponents, who would probably find their access to the oceans severely restricted—are much more interested in raw materials, automotive products, and the like than they are in bare munitions. Raw materials and automotive equipment would be readily available with far less time-lag than would apply to munitions. Moreover, Great Britain would have the possibility of making purchases of supplies through Canada. Although the neutrality statutes may prohibit shipment of certain products to neutrals, the present branch factories of American automotive companies in Canada would be available for such purposes as were required.

It will perhaps be useful to summarize exactly what sort of restrictions the United States now contemplates on its war-like trade. First of all, there is certain to be a flat, mandatory embargo (which the President will be required to apply as soon as he determines that a state of war, or civil warfare, exists) upon arms, ammunition, and instruments of war. Secondly, there are sure to be restrictions on the travel of American citizens upon ships of belligerent nations or in war zones. Thirdly, there is likely to be either a cash-and-carry plan or permissive authority to the President to apply restrictions upon the export of various war commodities.

It will be seen that the cash-and-carry plan is contrived

PRESIDENT ROOSEVELT'S TIGHT-ROPE

not to choke off war supplies—and thus perhaps to shorten the war—but simply to avoid American entanglement. Therefore it should not be resented by belligerents. And if the war-materials restriction is made permissive with the President, there is no ground for complaint until it is applied. The cash-and-carry scheme was devised by the group of Senate isolationists who conducted the long investigations into the munitions business. They are bipartisan, including two Democrats, Senators Clark and Bone, and two Republicans, Senators Vandenberg and Nye. Their method is ingenious :

Whenever the President shall have issued his proclamation (of the existence of a state of war) thereafter it shall be unlawful for any American citizen, partnership, company, association, business trust, or corporation to retain or assert any right, title, or interest in any article or commodity exported by sea from the United States to any port or place which can be reached only by traversing those waters adjacent to a belligerent state which are within the zone of belligerent operations as determined by the President, and no such right, title, or interest shall be recognized by the Government of the United States . . . and any contract for the insurance of risks on any article or commodity so exported, or on any American interest therein, or any American vessel carrying such article or commodity, shall be null and void . . .

This measure is the more extreme of the two that now stand any chance of enactment ; the other leaves the embargo authority in the hands of the President. It will therefore be seen that, so far as any rigid legislative enactment is now concerned, the United States is not likely to cut the sources of war materials from any belligerent that has access to the seas. That fact, coupled with our relinquishment of " the freedom of the seas " contention, constitutes the American contribution—thus far in definite view—to the present European problem. What may be evolved by President Roosevelt and his advisers, engaged in their search for a peace program, is still unpredictable.

FLOODS AND PLANNING

II. FLOODS AND PLANNING

NOTHING is more fully reported about the United States in the oversea press than the American weather, and for years now our succession of floods, droughts, untimely freezes, earthquakes and tornados has fully justified the grim boast that "anything can happen in the United States, and usually does". But the floods we have been having this winter have been of more than meteorological interest. They seem finally to have driven home the necessity of national planning and national action to preserve our continent from the fate of China.

At the height of the floods along the Ohio and Mississippi, President Roosevelt sent to Congress recommendations for a long-range national plan and a regular annual building program. Nothing could have been more timely, and it will probably be enacted. These floods, if one may say so, are politically convenient to President Roosevelt, not only in driving home a recognition of the need for planning, but also in preserving the emergency atmosphere that prevailed during the greater part of the first four New Deal years, and was beginning to give place to a feeling of "normalcy". Again Washington has been on a 24-hour, "war-time" basis. Again we have "commanders-in-chief" dictating the government and life of beleaguered communities. Again we are breathless. Again the President's eyes sparkle, and he directs his subordinates like chess-men. Again Congress falls into a mood of heavy spending. Again we need to spend rather heavily, if for nothing more than the relief of suffering.

Out of the wreckage left by the floods and droughts—and despite the fact that these tragic experiences are forgotten with all-too-human celerity—we are likely to see rise a better planned America. The specific method of curbing Ohio river floods, for example—and thus of decreasing danger in the lowlands along the Mississippi all the way to the Gulf of Mexico—is to build vast storage reservoirs.

PRESIDENT ROOSEVELT'S TIGHT-ROPE

The Administration proposes to build 14 of them right away, and ultimately as many as 39, although no less than 89 are said to be necessary for complete protection. But 14 will do very well as a start. These reservoirs not only serve as flood control, but they also permit extensive power production, they improve recreational and sanitary amenities. Some river basins have already been tamed by this method. The public advantages are quite evident.

The method of salvaging the drought-hit areas—with another summer of possible drought ahead, because the amount of moisture being held back in the great plains is woefully insufficient—is more complicated. It involves moving a large number of people to better areas, but the major method is to turn present wheat and corn lands back to the range. As grasses gradually re-establish themselves, the natural moisture is held back, the soil does not erode either from water or from wind. And there are numerous other methods of control, such as contour-plowing, terracing, reforestation, and the like.

With four more years of Roosevelt building, by which time the habit of national planning for the safeguard of our physical heritage ought to be established, the face of America should look far less woe-begone than it now does, ravaged by the searing droughts of summer and the raging floods of winter. At the same time, a national planning policy in the realm of resources naturally leads to planning in the industrial and labor fields. That crisis is immediately ahead.

III. THE AUTOMOBILE STRIKES

WE are witnessing one of the epochal attempts in American history to push trade unionization to the point where genuine collective bargaining is possible. It is essential to remember that there is no responsible organization to speak for labor in many American industries, of which the most notable is the automotive business. For

THE AUTOMOBILE STRIKES

over a year, therefore, John L. Lewis—the long-maned, prognathous-jawed leader of the Committee for Industrial Organization, and head of the most powerful union in American history, the United Mine Workers—has been laying his lines in the automotive industry.

Mr. Lewis's drive had great advantages and severe handicaps. The main handicap was that he started from scratch, with no union worthy of the name in the entire industry. An earnest young preacher who lost his pulpit,* but who had worked very little in motor factories, became head of the Automobile Workers Union. His dark eyes flashing behind studious, rimless-spectacles, this clergyman, Homer Martin, stepped straight out of a novel. His union commanded a meagre minority in the industry. But he and Mr. Lewis knew perfectly well that peace-time recruiting could not build up their strength. There are too many deterrents from the manufacturers, in the form either of a bland rain of pay-checks, or of positive intimidation. A committee headed by Senator Lafollette, the Wisconsin progressive, has recently summoned under *sub poena* a revelatory succession of industrial spies, men who earn large sums of money as informers and *agents provocateurs* to prevent or cripple unionism. So Messrs. Lewis and Martin decided that only in an atmosphere of strike could they swell their ranks, particularly if they should win or draw in the outcome.

They had the great advantage of a fragile automotive industry. General Motors Corporation, like the individual motor-car factory, is a great assembly-line. Close two or

* It is interesting to note how many clergymen have sprung into prominence in what some call social reform, others agitation, in recent months in the United States. Father Coughlin was our most striking example; Gerald L. K. Smith, a fiery follower of Huey P. Long, seemed at one time a possible American Hitler; Dr. Townsend's old-age-pension movement is largely staffed with clergymen, with or without pulpits; and in state after state the "radical" movement which generally means "crack-pot" panacea-chasing instead of adherence to an economic or political philosophy—is dominated by smouldering-eyed clergymen with a gift of the gab.

PRESIDENT ROOSEVELT'S TIGHT-ROPE

three essential units, taking out only a few thousand men, and you stop the whole thing. Meantime, General Motors' competitors, Ford and Chrysler (which makes the Plymouth car as well) merrily kept on manufacturing cars and holding their far-flung distributive systems intact. The pressure on General Motors was therefore very great.

But the union leaders adopted the new technique of the sit-down strike. Although it was particularly comfortable to sit down (and eat and sleep and live) in factories that make nicely upholstered motor-car bodies, this strike was almost too effective. Like the general strike, it tends strongly to alienate public opinion. Moreover, the public has never learned to regard motor-car manufacturers as industrial ogres, in the fashion of steel kings or textile barons. The General Motors people, Walter Chrysler, and Henry Ford, are looked upon as noble, self-made men, who used to repair bicycles within the memory of many people. They are the heroes of success-stories; they have not huge paunches, they do not glitter with gold and diamonds, and they are not recalled as smoking long Havana cigars.

The union's weakness, the company's relative favor with the public, were balanced off against the very real grip Mr. Lewis had upon General Motors production in a severely competitive business. A compromise settlement was the only possible outcome, leaving Mr. Lewis in somewhat strengthened position, but not yet master of the industry, nor yet leader of a real American labor party.

IV. THE POLITICAL FUTURE

HERE, it is obvious, we come to the great American question of to-day. Whither are we moving governmentally, after the landslide re-election of President Roosevelt?

First of all, the paradox must be pointed out that the very landslide has had a moderating influence. It has made

THE POLITICAL FUTURE

Mr. Roosevelt the President of the whole people. It has cancelled his political indebtedness to any particular groups, for his majority was far greater than any single group. It opened the way to what the label-lovers called "an era of good-feeling", copying the historians' phrase for President Monroe's Administration in the 1820's. And it has left the President precisely where he was during all his first Administration: an assiduous student of public opinion, a practitioner of the "quarterback-theory" of government, which simply means the rule of expediency.

This is not to be taken as a slighting description. President Roosevelt, like any other democratic official, seeks to govern by majority rule and to adapt his governance to the times. In his second term, his job is not to get re-elected (as it was inescapably for a large part of his first term) but to write a great record for history. His own strong preference is to rise above party, to govern as the leader of an united people. His closest friends and advisers are drawn equally from his own Democratic party and from the progressive Republicans. President Roosevelt, in short, is a born centrist. He has described himself as "just to the Left of Centre".

And that is where the majority of the American people are to be found at present. Sometimes the President darts Leftward, sometimes he swings to the Right, but these gestures are simply to preserve his balance in the Centre. He comes under pressure from both wings, and he responds to both. He exasperates some of his friends who have fixed convictions. But if you admit the legitimacy of a centrist philosophy, you make an honest philosopher of President Roosevelt.

Already, in his second term, the President has taken steps in both directions. Within two days, he rebuked both employers and workers in the General Motors strike. After sweetly reassuring business following the election, he has turned around and gone after the private utilities in the Tennessee Valley area with knife and machine-gun.

PRESIDENT ROOSEVELT'S TIGHT-ROPE

At least, he has threatened them with such weapons. Much turns on the power issue; in the eyes of social planners it is the basic issue. The President, by threatening to set up a completely competitive system of government-owned and -operated power lines in this vast southern empire, may simply be seeking a more favorable grid-system alliance with the private utilities. In short, his centrist philosophy may be in process of application, and we are merely seeing a realistic form of government regulation rather than a move toward full socialization.

From every standpoint, the next few years look like a period of consolidation, of improvement in the hasty reform laws passed in the last term, of careful drafting of new projects. Not the least important of these new plans is that for governmental reorganization. A weighty report, recently sent to Congress, would increase the Cabinet portfolios by two, draw into the departments the long list of "independent offices" that have grown up through the years, and, most important of all, would extend the civil service higher in the governmental structure and provide for the first time a well-paid career service on the British model. If President Roosevelt achieves this reform, he will have written his name large in American history.

Countless unsolved problems remain, but they are problems on which there is much national agreement. Of the two greatest challenges, one is that of housing, which, in turn, is the key to an American rebuilding program potentially as great as the railway-building expansion of the last century. The other is the betterment of tenant-farming conditions, which keep in degradation a large and growing group of hopeless people, of good racial stock, in the south and west.

As long as President Roosevelt deftly maintains his position in the Centre, the likelihood of either a strong Left or a strong Right party is small. In 1940 he must pass the baton on to other hands. The most attractive younger man to-day is Henry A. Wallace, the thoughtful,

THE POLITICAL FUTURE

philosophical, religious, sturdy Secretary of Agriculture. Whether Mr. Wallace can acquire political tricks remains to be seen. He, too, is a born centrist. As long as this centrist position continues, President Roosevelt or his successor can hold the great bulk of the Democratic party behind him, and attract big sections of the Republican party. The Centre position might be well-adapted to a period of relative but somewhat precarious prosperity. In case of hard times, or perhaps European war, the President would have either to move toward the Left or to take up a stand above all party lines until the *dénouement*.

Therefore, we are still living our political philosophy from day to day. Strong lines are not yet drawn. The Opposition is at sea. But we have a strong executive, the best of guarantees of stable policy in case a crisis strikes the world. We are equipped for a cyclone or for sunshine, and it is hard to say which of these would more decisively drive President Roosevelt from his tight-rope.

The United States of America

February 4, 1937.

GREAT BRITAIN

I. UNIFORMS AND UNIFORMITY

THE fascist-communist thunder-storm, which overcast political skies in the autumn, has rumbled away below the horizon. For this a number of reasons may be responsible: returning industrial prosperity, the unseasonableness of open-air demonstrations, the Government's show of determination to prevent the militarisation of politics. The Public Order Bill * duly passed into law, and became operative on January 1. The Government proved ready to introduce or accept amendments to the Bill designed in the interests of the liberty of the subject, which some thought were encroached upon by certain of its clauses; but the ban on "uniforms signifying association with any political organisation or with the promotion of any political object" they refused to modify, resisting attempts to define the term "uniform" or to limit it to the "military or quasi-military". The British Union of Fascists issued a statement recording the opinion of counsel that the blackshirt uniform was illegal; that an ordinary shirt of black colour with tie worn under an ordinary suit was legal; and that their organisation was not otherwise affected. They added: "As it is the consistent policy of the movement to obey the law of the land, the black-shirt uniform therefore will not be worn by members in any public place or at any public meeting".

At the end of January a prosecution was successfully brought at Leeds against a Mr. Wood, who had sold fascist newspapers in the streets wearing a black peaked cap bearing emblems, a black shirt and tie, riding breeches,

* See THE ROUND TABLE, No. 105, December 1936, p. 183.

UNIFORMS AND UNIFORMITY

and a black overcoat. The defence was that this costume was not a political uniform but a newsvendor's livery, owned and issued by a firm called the Action Press Limited. It was admitted that the Action Press had the same address as the head office of the British Union of Fascists, of which Wood was a member. The defendant claimed that when Sir Oswald Mosley wore a similar uniform he did so as a newsvendor for the Action Press, and would have it withdrawn from him if he failed to sell, or pay for, at least 2s. 2d worth of newspapers each week. In recording a verdict for the police, the stipendiary magistrate said that one had to put oneself in the position of the man-in-the-street, and consider if to him the person charged would appear to be wearing something that showed he was a member of a particular party. A few days later a successful prosecution was brought at Hull against men who had worn black shirts or pullovers (not all wore black trousers), brassards, and belts with a fascist badge on the buckles. The magistrate said he thought that if a uniform was intended to mean a complete outfit, as the defence contended, then Parliament would have said so.

The fascists are not the only organisation to feel the effect of the Act. The secretary of the Independent Labour party received a letter from the Commissioner of the London Police, before the Act went into force, stating that he had been advised that uniform signifying the wearer's association with the I.L.P. was a prohibited uniform. The Secretary replied that, while he had transmitted the Commissioner's letter to branches of the party and to the Guild of Youth, in his view the red shirts and red blouses worn by members of the Guild were in no sense a military uniform, but were worn mostly on rambles, for sports purposes, and on week-end outings. It is not, however, military uniforms but political uniforms that the Act prohibits.

This handicap to public demonstration may have

GREAT BRITAIN

accelerated the plans of the British Union of Fascists to establish themselves as a parliamentary political party on a national scale. Lists of fascist candidates for different constituencies have been published from time to time since November, and the objective is stated to be to put up 400 candidates at the next general election. This decision cannot be regretted. Parliamentary election is the core of our democratic constitution, the crucial test of the appeal of any political creed to the people as a whole. The entry of the fascists into the parliamentary arena will provide the first real test of their strength. In view of his earlier experiences with new parties at the polls, Sir Oswald Mosley may be excused a certain amount of apprehension on this score.

The debates on the Public Order Bill exposed the conflict between the desire to afford everyone political and social freedom, and the desire to handicap those whose objective is to injure that freedom, whether they be fascists or communists. A similar occasion was furnished by an official announcement, early in January, that the Lords of the Admiralty had satisfied themselves that the continued employment of a certain five dockyard workers was not in the interests of the naval services, and that their lordships had no further statement to make. Concern was at once aroused in Labour party and trade union circles, and the uneasiness spread further than that. In answer to a question by the leader of the Opposition, Sir Samuel Hoare denied that the men had been discharged because of their political views. So long as any dockyard employee's work was satisfactory, and his politics neither interfered with it nor led to courses that would endanger the navy and the state, there never had been any interference with him. There did, however, arise very rare cases in which individuals departed from the high standard of loyal conduct that the dockyard personnel themselves had set up. Such cases in a royal dockyard involved serious risks, dangers and anxieties. Information had

UNIFORMS AND UNIFORMITY

reached him of subversive activities on the part of certain men. After a personal investigation he had had the cases exhaustively examined by a committee of highly placed, responsible and experienced permanent officials, all being civilians, and some being drawn from outside the Admiralty. Although the committee had given the greatest possible weight to all points in favour of the suspected individuals, their unanimous view was that in the interests of the safety of the navy the five men should not remain in employment in His Majesty's dockyards.

The Labour party insisted on pursuing the question in the form of a vote of censure, regretting the action of the Government in dismissing the men without informing them of what offences they were accused or affording them any opportunity of making any defence. The First Lord, however, was adamant, adding little to his previous statement. He admitted that it was the secret service—whose existence he deplored but insisted was necessary—that had supplied the information about the discharged men. They could not be told anything without betraying the methods of the secret service; therefore in the interests of the state they had to be told nothing. Dislike of the system of espionage is universal among the people of this country, and, while the rejection of the censure motion by 350 votes to 145 no doubt fairly represented the view of the House on the necessities of the case, a great many people were left with a feeling of profound disquiet that those necessities should exist. As the *Manchester Guardian* put it, "the safety of the state is of the first importance, but so is the safety of the individual".

The Labour party has not been entirely happy in its domestic affairs lately. The reaction to five years in Opposition, as well as the example of "popular fronts" in other countries, has given rise to a number of proposals for alliances on the Left. To some extent these proposals have cancelled each other out; for while a "popular front" has been taken by some to mean a union

GREAT BRITAIN

of all the radical critics of the Government, including the Liberals and even possibly some dissident Conservatives, others have adopted the slogan "No enemies on the Left", implying the consolidation of the Labour and the Communist parties and of any groups between them. These two policies would be diametrically opposed. The first, perhaps, offered the most tempting chance of securing a majority representation for the Left, but it has been rejected by the official spokesmen of both the Labour and Liberal parties, and in fact it is only the second that has had any practical manifestations. In the middle of December the Communist party, the Independent Labour party and the Socialist League issued a joint statement foreshadowing what was described as a united front between those three bodies. The Labour party has consistently extruded the Communists from membership, and the I.L.P. was also disaffiliated some time ago. The Socialist League, of which Sir Stafford Cripps is the leading personality, retained its affiliation to the Labour party. The purpose of the united front was said to be to resist fascism and to concentrate joint propaganda on the means test and other social questions. The united front was approved by the three constituent organisations on January 17, the Socialist League accepting it by a majority of only 56 to 38. A fresh manifesto expressed implacable opposition to the rearmament and recruiting programme of the National Government. The I.L.P. made certain reservations with regard to association with the other two bodies, declaring that it maintained its opposition to working-class reliance on the League of Nations, the collective system of peace, and military pacts between capitalist governments. In this respect it disagreed with the policy of the Soviet Government, but it recognised the need to subordinate criticism of Soviet policy in order to mobilise support for Russia arising out of its action in relation to Spain.

A few days before the united front was consummated, the national executive of the Labour party issued an

THE SPECIAL AREAS

appeal for party loyalty, declaring that association with two kinds of organisation was in direct conflict with the decisions of the party conference. The two classes were :

(a) organisations which were clearly formed to pursue united front or popular front activities ;

(b) organisations which were being promoted to weaken the party's organisation and electoral power by association with other political bodies which did not share the party's determination to achieve its democratic socialist objectives.

It was, therefore, to nobody's surprise that the party executive disaffiliated the Socialist League. This, it was explained, did not imply the expulsion from the Labour party of individual members of the League who might also be party members. For its part, the Socialist League urged its supporters to retain their Labour party membership. The divisional Labour party for Sir Stafford's own constituency passed a resolution expressing its complete confidence in its member and regretting the disaffiliation of the Socialist League. The fate of the united front will be anxiously watched by the orthodox Labour leaders, though their anxieties are mitigated by the great power in the Labour party of the trade union movement, which always inclines to be moderate and to oppose the forces of communism, which it regards as dangerously disruptive of its own industrial and political power.

II. THE SPECIAL AREAS

AMONG the most striking of King Edward VIII's public acts was his visit in November to the distressed areas of South Wales. He was accompanied by the Ministers of Health and Labour, by Mr. Malcolm Stewart,* the retiring Commissioner for the Special Areas, and by his successor, Sir George Gillett. Great publicity was given to His Majesty's statement at the end of the tour :

Something will be done about unemployment. I can sympathise with you. Everything will be done that can be done.

* Mr. Stewart has since been honoured with a baronetcy.

GREAT BRITAIN

A few days earlier, the Government had had to face the prospect of a revolt of a section of their own supporters on the issue of help for the special areas. The Special Areas Act had been scheduled in the annual Expiring Laws Continuance Bill, a gesture of apparent satisfaction with its form and operation that was resented by the Opposition and by a large number of Conservative members. Mr. Chamberlain mollified the critics by declaring that a list of proposals for government action put forward by Mr. Stewart, some of them for enlarging the Commissioner's powers of assistance under the Special Areas Act, were being carefully and sympathetically considered. He proposed to leave the Act in the Expiring Laws Bill, but to bring in before the end of the financial year an amending Bill giving the Government the necessary additional authority. Feeling remained strong, and on the committee stage the Government were induced to accept a Conservative amendment making the expiry date of the Special Areas Act May 31, 1937, instead of the following March 31.

One of the proposals most frequently and earnestly put forward has been the appointment of a separate Minister for the special areas. This proposal is open to criticism, even from the point of view of the areas themselves, but there has been a certain amount of evidence of the need for some person or body to co-ordinate government economic policy with an eye to those patches of the country's economic life—not necessarily geographical patches—that are below the standard of prosperity. The large-scale intervention of the Government in the normal industrial life of the country through its rearmament programme makes this need all the more urgent. An incident of minor importance in itself, but possibly significant as a straw in the wind, was the decision to establish a new aircraft factory at White Waltham, an agricultural and residential neighbourhood not far from Maidenhead. The decision was assailed, not only by those who held that in the erection of factories preference should always be given

THE SPECIAL AREAS

to the more depressed industrial areas of the country, but also by those who deplored the defiling of the countryside, and by those who conceived the chosen site to be unnecessarily vulnerable from the air. Under pressure the Government rescinded their decision, and the factory is to be built in Lancashire. It was also announced in January that in disposing of the Wolseley aero-engine plant and assets * Lord Nuffield had stipulated the transference of the business to a distressed area, and that the whole concern was being re-established on the Clyde.

But this was only a fragment of the distressed areas' debt to Lord Nuffield, whose munificence had recently been displayed by the gift of £2 million for the establishment of a post-graduate school of medical research at Oxford. On December 21 he announced that he had placed at the disposal of trustees a like sum for the benefit of the special areas. The trustees would have full discretion to use the capital of the trust for the initiation or support of measures likely to give employment to those living in the areas, as well as measures designed for their social betterment. Lord Nuffield appreciated, he said, that the Government had done and was doing all that was possible within its legitimate sphere, but he felt that there was still room for a trust, the scope of whose activity would not be subject to those limitations necessarily involved in the expenditure of money authorised by Parliament.

The Labour party has been conducting its own investigation into the state of the special areas, and at the end of January its commission of inquiry published an interim report containing a number of specific proposals. These included the appointment of a Minister for special areas, to whom the Commissioner would be responsible; the allotment to him of much greater funds and powers than the Commissioner at present possessed, including the power to vary by order the boundaries of the special areas,

* See THE ROUND TABLE, No. 105, December 1936, p. 176.

GREAT BRITAIN

and to make grants up to 100 per cent., if necessary, of the cost of approved public works under local authorities; additional exchequer grants to reduce the public assistance rates in the special areas to the national average; the establishment in the areas of new state enterprises, particularly for arms manufacture and the extraction of oil from coal; financial assistance to the coal trade so as to equalise conditions between this country and its subsidised European competitors; great improvements in communications in the special areas, on grounds not only of commercial development but also of defence and tourist traffic; the raising of the school age, improved pensions for older workers, and drastic and immediate steps to raise standards of living by the provision of free meals and milk and by the revision of the present unemployment assistance regulations.

III. THE RATE OF INTEREST

IN deciding its policy towards proposals made on behalf of the specially distressed areas and industries of the country, the Government has constantly to weigh up two sets of considerations. The first is financial, including not only the initial cost of measures of relief or subsidy, but also the prospect of continuing financial liability, direct or implied, for improvements and activities that might prove mere efforts to sweep back the Atlantic of economic change. The second set of considerations turns on the problem whether such assistance as the Government can give, within the means at its command and the proper scope of socialised activities, ought to be concentrated on the special areas or rather devoted to general economic expansion. This in turn raises the whole issue of the economic condition of the country, the likelihood of further general industrial recovery, and the possibility of a relapse into depression after a temporary boom.

These questions were directly raised, and emphatically

THE RATE OF INTEREST

answered, by Mr. J. M. Keynes in a notable series of articles in *The Times*.^{*} He believed, he said, that the country was approaching, or had reached, the point where there was not much advantage in applying to economic activity and employment a further general stimulus at the centre.

So long as surplus resources were widely diffused between industries and localities it was no great matter at what point in the economic structure the impulse of an increased demand was applied. But the evidence grows that . . . the economic structure is unfortunately rigid, and that (for example) building activity in the home counties is less effective than one might have hoped in decreasing unemployment in the distressed areas. It follows that the later stages of recovery require a different technique. To remedy the condition of the distressed areas, *ad hoc* measures are necessary. . . . We are in more need to-day of a rightly distributed demand than of a greater aggregate demand; and the Treasury would be entitled to economise elsewhere to compensate for the cost of special assistance to the distressed areas.

The general theme of the articles was the need for preventing a recurrence of the boom-slump cycle, in view of the fact that we would soon be approaching the peak of the curve and might, if no preventive steps were taken, expect a repetition of the downward slide. The prolongation of prosperity was essentially a matter of maintaining the level of new investment, but the longer recovery had lasted the more difficult did it become to keep new investment stable. A large part of the investment that occurred during a recovery was, in the nature of things, non-recurrent; another part became progressively less easy to sustain, because with each increase in the stock of wealth the profit to be expected from a further increase declined; and a third part might be checked by the disappointment of exaggerated expectations. Mr. Keynes repudiated the belief that dear money is a "natural" or "healthy" consequence of recovery. In the past it had

^{*} January 12, 13, and 14, 1937.

GREAT BRITAIN

certainly been a symptom of a boom, but it had no less certainly heralded a slump. "We must avoid it, therefore, as we would hell-fire". Nevertheless, a phase of the recovery might be at hand when it would be desirable to find other methods of temporarily damping down aggregate demand, with a view to stabilising subsequent activity at as high a level as possible.

Just as it was advisable for the Government to increase debt during the slump, so for the same reasons it was now advisable that they should incline to the opposite policy; hence the main part of the cost of armaments should be met out of taxation. Just as it was advisable (from our own point of view) to check imports and to take measures to improve the balance of trade during the slump, so it was now advisable to welcome imports even though they resulted in an adverse balance of trade.* Just as it was advisable for local authorities to press on with capital expenditure during the slump, so it was now advisable that they should postpone whatever new enterprises could reasonably be held back. The promotion of public investment in such fields as building and transport and public utilities, at a later stage when private investment should be flagging, required long preparation in advance. Now was the time to appoint a board of public investment to prepare sound schemes against the time when they should be needed. So long as national productive resources were not fully employed, the rate of interest must be reduced to the figure that the new projects could afford. The Bank of England and the Treasury, said Mr. Keynes, had the power to hold down the long-term rate of interest to the required figure, "by the exercise of the moderation, the gradualness, and the discreet handling of

* The excess of imports over exports in 1936 was £348 million, £73 million greater than in the previous year. It seems likely that this extra deficit was made up by increased invisible receipts, mainly shipping earnings and dividends on investments in such industries as rubber, copper and tin, but that there was little or no margin, on balance, for fresh capital investment abroad.

THE RATE OF INTEREST

the market, of which they have shown themselves to be masters ”.

While Mr. Keynes's views have received a remarkably unanimous measure of endorsement from economists, the financial press, the heads of the great joint-stock banks and other responsible quarters, not everyone agrees that the authorities' power of financial control is so assured. It has been shown * that if the advances of the London clearing banks rise in the course of 1937 to £1,000 million—roughly £130 million above the present level—they will require, not only the parallel advance in deposits that is normally to be expected, but also an increase of £15 million in their cash holdings; otherwise they must be forced to raise the long-term rate of interest by disposing of some £100 million of the government securities which they at present hold. Such an increase in bank cash the Bank of England and the Treasury certainly have it within their power to supply, but can they do so without generating unhealthy features of inflation, such as rapidly rising prices, which would be a handicap rather than a stimulus to the kind of investment that is most required? In any case, the price of government bonds has already been depressed by the prospects of rearmament finance. Not even those who agreed with Mr. Keynes on the need for paying for arms out of current revenue thought that a loan could be entirely avoided, but most people were surprised by the scale of borrowing actually thought necessary. Readers of *THE ROUND TABLE* who remembered the hint † that five years of rearmament might cost some £450 million above the level of 1935-36 estimates need not have shared that surprise. Mr. Chamberlain announced on February 11 that he would ask for power to borrow up to £400 million, spread over five years, the service to be charged against the defence votes. The following day, $2\frac{1}{2}$ per cent. consols stood at 81, their post-slump peak having been 94.

* *Economist*, January 23, 1937.

† See No. 103, June 1936, p. 598.

CANADA

I. CANADA AND THE NEXT WAR

WITHIN the last twelve months the Canadian people have begun to find foreign policy a serious business, and one for which their national experience has done little to qualify them. The League of Nations, under whose ægis the country took its place as an autonomous member of the international community, and whose effective operation would have removed the ominous problems now on the horizon, reveals an alarming impotence, and the ordered world of post-war expectations proves an unmapped wilderness. In these unwelcome circumstances, the responsibility which the nation so recently and so proudly achieved becomes something of a burden. It has become urgently desirable to define the Dominion's attitude in world politics; but the effort to do so encounters at every turn the conflict of old loyalties and new aspirations, and threatens to reopen a racial cleavage which the buoyancy of rapid progress had tended to close in mutual congratulation.

The bewilderment of the moment contrasts painfully with the optimistic confidence of the 'twenties. There has been a deflation in politics scarcely less marked than the economic depression; but, whereas economic confidence is returning, the slump in international politics descends towards its nadir.

The decade of 1920 to 1930 will stand in history as an era of boom in the growth of Canada. The Treaty of Versailles placed her formally among the adult nations, and successive Imperial Conferences struck off the last bonds of colonialism. The tempo was exhilarating. It was high

CANADA AND THE NEXT WAR

time that a people of ten million souls, ranked already among the first ten commercial Powers and possessed of vast territory waiting to receive and to be further developed by the surplus of Europe's population, should have its voice in the councils of the world. Political theorists hailed release from parochialism, the opening of magnificent new horizons, the promise of new dignity in public life. Nothing comparable had happened since the great days of 1867, when confederation had bound together a scattering of isolated and struggling provinces in one broad Dominion.

Of course there were doubters. Canada was not without those plain-common-sense people who believe that war is a function of human nature and that organisation for its prevention is therefore sheer folly. There was, moreover, a school of British imperialists who found colonial status quite to their liking and thought that complete control of foreign political relations should be left in the strong and skilled hands of Great Britain. This craze for autonomy was being pushed too far. The Dominions had bitten off more than they could chew, and the effort at mastication and digestion might disrupt the Empire.

Opposition of this sort was strengthened by the abstention of the United States from the League itself and from its offshoot, the Permanent Court of International Justice. Not that Canadians had any fear of trouble in direct relations with their neighbour; that was a familiar realm in which they moved with confidence. But what if the country were called upon to take part in sanctions against a violator of the Covenant, and the United States insisted upon full trading rights? What if the offender were a Latin-American State, and Washington stood on the Monroe Doctrine against intervention? Worst of all, what if some aggrieved member appealed under Article 17 of the Covenant against the United States? Any one of those hypotheses might find Canada bound to participate in measures involving sharp conflict with the Power upon whose good

CANADA

will, more than upon anything else, her trade and her security depended.

Such possibilities urged caution. But that was not all. The closing years of the war had nearly torn the nation in two over the issue of conscription, and had left a large portion of the population, consisting chiefly of the French-Canadian bloc, unalterably opposed to participation in any foreign war. The Covenant contemplated military sanctions. Would not a call for a Canadian contingent to take part in joint operations against an aggressor inflame once more the bitter internal feud of 1917-1918?

And so the Governments of Canada, Conservative and Liberal, set themselves to the task of hedging her position about with reservations. They enjoyed the expansiveness of Geneva, holding out as an example to Europe Canada's treatment of the French minority and her century of peace with the United States; but they kept a wary eye on adventurous commitments to positive action. In the very first year of the League's life they strove for the repeal of Article 10, by which the members mutually undertook to preserve against external aggression their territorial integrity and political independence. Failing in this, they secured an interpretation, unanimous but for the vote of Persia, to the effect that no member need participate in military measures without specific consent of its Parliament in every case. In 1924, when the famous Protocol designed to bolster up the Covenant as an instrument for the prevention of war re-affirmed the obligation to take military action in specified circumstances, the Liberal Government of the day refused, without previous reference to Parliament, to ratify this reinforcing agreement. In 1932, a Conservative Government lent its hearty support to the policy of inaction in the Manchurian crisis. Finally, in 1935, though the new Liberal Government joined in economic sanctions against Italy, it played its part in rendering them futile by public declarations that Canada was in no way bound to follow them up with armed

CANADA AND THE NEXT WAR

coercion; and, in order to fend off responsibility for the war that threatened, disowned the suggestion, made by the Canadian representative in the Committee of Eighteen, to add oil to the embargo.

So ended in weak ignominy a chapter that began in youthful enthusiasm. There is, of course, no want of excuse for Canada's lack of constancy. Hers was not the only Government that blew hot and cold on the League. How could she be expected to hold firm to the essential principles of the organisation when its leading members evaded or frankly disowned their manifest obligations? Could her policy do anything else but fluctuate according as the general support afforded to the "collective system" waxed or waned?

The truth, however, is that in some important matters Canada waited for no lead, but herself took the initiative. In her attack on Article 10, and her insistence on the right to decide in each case as it should arise whether or not to go to the support of a threatened member, she was in the forefront of those who strove to weaken the collective guarantee. In her sharp opposition to the proposal—made, ironically enough, by Italy—that the League should study the distribution of raw materials, she set her veto upon the principle of peaceful change. Her attitude throughout has been that of one desirous of collecting benefits without assuming risks.

Against this record supporters of the collective system set the special opportunity and the use that might have been made of it. Canada's remoteness from the immediate dangers besetting so many of the States of Europe, the abundance of her possessions, that very freedom from any fixed mode of diplomatic thought and practice which in an unorganised world would have meant weakness, all of these accidents of geography and history should, according to the internationalists, have made it possible for her to think out calmly and then to follow firmly the rules and standards of conduct implied in the new order. Such a

CANADA

course might have entailed risks and required courage. But the risks could hardly have been greater than those involved in the chaotic scramble of power politics, which is the inevitable alternative to a collective system. As for courage, she failed, along with so many of her fellow members, to realise that the creative quest of peace, no less than the destructive art of war, demands that virtue in full measure.

However that may be, there is no escaping the conclusion that Canada must accept a share of responsibility for the failure that has produced her present quandary. Hitherto, in spite of all the weakening reservations that she initiated or approved, she has nursed the hope that the League, Locarno and the Pact of Paris would ward off the type of crisis that would require swift and clear decision as to how far she is prepared to back the Commonwealth or the Covenant. Now, on the contrary, everyone knows that such a crisis may confront her from one day to another, and it has become a matter of immediate personal interest to know what the country is most likely to do about it. Will Canada again identify herself for better or worse with the fortunes of Great Britain? Will she attempt to cut herself off from Europe and, stifling old sentiment, find her sole directives in her North American situation? Will she aim at the cloistered isolation that has been recently praised by certain leaders of French-Canadian thought? Will she join, this time with knowledge and acceptance of all its implications, in any serious movement that may develop for re-establishing the collective system?

The Canadian people includes backers of all four alternatives, and no one can say with certainty which of them would rally a majority. But political commentators throughout the Dominion are now constantly trying to define the four groups of opinion, and to analyse the factors tending for and against each group.

At the British Commonwealth Relations Conference held at Toronto in 1933, there appeared to be a pretty

CANADA AND THE NEXT WAR

general conviction that the continuance of Commonwealth unity depended upon the maintenance of an international organisation capable of keeping peace. Since that date, this has become more or less an axiom for political theorists in Canada. The reason given is that certain of the Dominions would probably, in the event of a British war in which they did not feel themselves directly concerned, demand neutrality. It had long been theoretically conceded that no Dominion was bound to participate actively in hostilities in which the Mother Country was involved. But "passive belligerency" and complete neutrality are different things, and the latter would appear possible only if the whole constitutional bond with Great Britain were severed. On this reasoning, therefore, any major war involves the risk of splitting up the Commonwealth.

There are still Canadians who put loyalty to the Mother Country above every other political affiliation. But both the number and the influence of these imperialists, so called, have diminished since 1914 in proportion to other elements and other forces in the population. On all sides one hears it said that the enthusiastic rallying of that fateful year will not repeat itself. The burdens of the war still weigh crushingly, and the disillusionment of an otherwise barren victory has been accentuated by the bankruptcy of the institution that alone, among its products, promised lasting benefit. More and more English-speaking citizens add their voices to those of the French-Canadian bloc, which forms almost thirty per cent. of the population and which clamours with something like unanimity for total abstention from all foreign wars. Whether or not they know it, the members of this composite group are asking for secession from the Commonwealth. Their further protest against any commitment to military action on behalf of an organised society of nations is tantamount to a refusal to participate in an effective League. Their aim would therefore appear to be pretty complete isolation.

CANADA

A second group proclaims itself sick of Europe with its eternal strife but, instead of walling the country off from the rest of the world, would welcome closer intercourse and more active co-operation with the other nations of this hemisphere. Recently such a policy has been enlisting an increased number of adherents. While still too vague and disparate to be called a movement, the trend is encouraged by a palpable change in sentiment towards the United States. For some time past there has been distinctly less of that superficial anti-American irritation which, in spite of excellent official relations, was so apparent a few years ago. Some acute causes of friction have disappeared or lost their virulence. The end of prohibition brought cessation of the rum-running incidents; the judgments of the Supreme Court and the care taken to secure their execution, assisted no doubt by the more pressing pre-occupations of the depression, have taken the sting out of the Chicago water-diversion grievance. The depression itself, by deflating the all-confident, all-booming commercial supremacy of the United States, and exhibiting that country in the throes of financial and industrial panic, weakened the familiar inferiority complex and generated more fellow-feeling. Anyone who doubts the change should compare the Canadian tempest over the reciprocity pact of 1911 with the gratification that greeted the similar agreement of 1936, and, with that introduction, should note the sympathetic interest displayed by the press in President Roosevelt's plan of pan-American peace.

The last group is made up of those people, not all of them identified with the despised class of idealists, who believe that Canada must inevitably be involved, late or soon, in any general war in which Great Britain is a belligerent. According to this school, one of two things must happen if and when such a war breaks out. British sentiment in the country might still be strong enough to force active assistance. But, if this should not prove to be the case, the injuries to the trade, property and persons of Canadians,

CANADA AND THE NEXT WAR

which protracted hostilities would necessarily entail, would end by reinforcing British sentiment to the point where neutrality would become unendurable.

Given these premisses, there is only one logical conclusion, namely, that this country must work heart and soul for a League strong enough to prevent war. Unhappily such counsel, sound as it may be for the long term, offers little help in the immediate predicament. The great Powers are embarked on a course that appears to mean war. Can any human agency turn their energy at this juncture to the organisation of a stronger peace? Must not we resign ourselves to another war before reason can reassert itself? One hope is held out by the optimists, and that has a forlorn aspect. It is that the United States may avert the threatening world disaster by summoning a conference of the potential belligerents at Washington.

In the wide intervals between these well-defined bodies of opinion stand multitudes who have done little or no thinking on foreign policy or whose thinking has led to no definite conclusion. Among these would be found many pious souls who for years have been preaching the League of Nations, with little knowledge but much emotion, but who, when the question of supplying it with the physical force necessary to carry out its decisions seemed likely to be raised, discovered suddenly that they had never believed in any force other than "public opinion". Angry as he may be, the idealist will usually concede that the Government, when it retreated last December from unpleasant complications in the Ethiopian crisis, probably had the mass of the people behind it.

There is little means of gauging how the nation stands. Straw votes of the extent now common in the United States are still unknown in Canada. Some talk has been heard of a peace-ballot like that organised with such notable results in Great Britain. But the League of Nations Society in Canada has not yet the confidence, or the financial resources, to launch such a plebiscite. A strong leader might impose

CANADA

upon the country a clear-cut policy of isolation, of North-Americanism, or of internationalism. But the risk to party fortunes that such a move would carry with it is sufficient to deter any contemporary politician from making the venture.

One possible test remains. The National Government in England has believed itself forced into a vast programme of rearmament. Again, as in the period from 1909 to 1914, the question of assistance by the Dominions is being raised. The parliamentary debate which any proposal to contribute Canadian money, ships or troops must occasion at Ottawa may compel the people to declare itself. If that does not happen, or if the voice is not decisive, the outbreak of war, with its imperious demand for instant action, will try, more sorely than anything has tried it yet, the cohesive strength of Canada's federal nationhood.

II. REARMAMENT

IN Canada the problem of defence was virtually in abeyance from the end of the war until the present year, when it has again been brought into the forefront of public discussion. The Canadian people were exceedingly proud of the war-time exploits of their oversea army; when the war was over, however, they were content to see it demobilised and only a small permanent force retained. Largely through the enthusiasm of public-spirited officers who had served in the war, the different militia corps were kept in being, but when economies had to be made during the depression in the votes for the Department of National Defence many militia units had a very difficult time. The grants available for equipment and training were small, and only the generosity of the richer officers in supplementing them enabled the units to survive as efficient cadres. The strength of the permanent military and naval forces was also reduced, and Canada could justifiably claim that she had carried the process of disarmament further than any other civilised country, except perhaps Denmark.

REARMAMENT

The sense of security derived from her geographical position prevented any uneasiness on this score. As the skies darkened in Europe, however, there gradually developed, at least in English-speaking Canada, a serious anxiety about Canada's lack of any but trivial armaments, and in different quarters voices were heard pointing out that her defence forces were sadly incommensurate with her obligations as a partner in the British Commonwealth and a member of the League of Nations. The controversy that accordingly began last summer is still being carried on in the press and in public and private debate.

It inevitably divides along the lines of cleavage on general international policy that have been described elsewhere in this article. At bottom, the isolationists rely for Canada's defence upon her geographical position and upon the survival of British supremacy at sea. The anti-isolationists are divided roughly into two camps on defence policy. They are in general agreement upon four premisses: that the possibility of war with the United States must be left out of account in the framing of any Canadian defence programme; that revolutionary inventions, which have overcome the old barriers of distance and time, have impaired the special security conferred upon Canada by her geographical position; that such an abundance of natural resources, now being exploited by a comparatively small and scattered population, constitutes a tempting prize for any of the aggressive "unsatisfied" Powers; and that Canada's obligations as a member both of the British Commonwealth and of the League of Nations demand that she should make an adequate contribution to the armed forces necessary to uphold the principles and ideals for which those two organisations stand. They agree that, while other nations are feverishly adding to their armaments and preparing for the contingency of another great war, Canada simply cannot afford to be without effective modern armaments, at least strong enough to sustain her neutrality.

CANADA

When, however, the anti-isolationist school begins to consider a defence programme for Canada a cleavage of both opinion and aim emerges. One element contends that Canada's defence policy should be framed with the sole objective of providing such strong defences for her own territory that no aggressor nation could hope to invade it with success. These people would spend money on heavy coast batteries, forts, destroyers, submarines, minelaying equipment and other requirements for coastal defence, and would keep the naval, military and air forces at a strength that would allow them by swift concentration to frustrate the plans of any attacking enemy. But they rule out the idea of sending another Canadian expeditionary force overseas, and would make no preparations for any such enterprise. They argue that any attempt to enforce conscription would split the nation in two and must be dismissed as unthinkable unless actual invasion was imminent; that, even if a large volunteer force for oversea service could be raised, the problem of its transportation to the scene of hostilities would bristle with difficulties, and that as casualty lists began to be published public opinion would revolt and prevent the forwarding of reinforcements. They would be ready to give Great Britain whatever financial assistance could be spared and to make generous contributions of food supplies and munitions, but they would subject Canadian participation in any oversea war to definite limitations. If Canada were in a position to guarantee the security of her own coasts, they argue, she would be leaving Great Britain free to concentrate her energies upon her European or other commitments.

This attitude is vigorously challenged by an influential body of opinion in the English-speaking provinces of Canada, which agrees with Mr. Meighen, the Conservative leader in the Senate, that there cannot profitably be any separatist policy of defence for Canada. Pointing out that after the opening weeks of the world war the security of Canadian territory did not give the British Government

REARMAMENT

a moment's concern, they argue that there is one tremendous insurance against any invasion of Canada by a hostile Power—the complete certainty that it would immediately find ranged against it all the armed might and financial and economic resources of the United States. They claim that accordingly the contingency of an invasion is so remote as not to be worth considering as the basis for a defence programme. They insist that, inasmuch as the preservation of Canada's political integrity is inextricably bound up with the security and integrity of the British Commonwealth, the only sane and honourable Canadian defence policy is to participate, without any sacrifice of hard-won autonomy, in some co-operative, all-Commonwealth scheme of defence.

Mr. Mackenzie King and his Cabinet did not fail to note the growing popular interest in the problem of defence, but they postponed serious consideration of it until the Prime Minister returned from his visit to Geneva and London, during which he had had opportunities of studying the European situation at first hand and of becoming apprised of the views of the British Government. On his return the problem was exhaustively discussed at a series of Cabinet meetings. According to well-authenticated reports, an ambitious programme of rearmament, produced by the Department of National Defence, was rejected by the Cabinet after careful consideration in favour of a more modest expansion. The Ministry appears to favour a policy of adequate defence for the coasts of Canada but no more extensive commitments at present. Mr. Ian Mackenzie, who has proved himself a very energetic Minister of National Defence, forecast such a policy in a speech at Victoria, B.C., on October 7. He recalled the formulæ about Imperial defence adopted by the Imperial Conference of 1923 and reaffirmed in 1926, to the effect that, while it was for the several Empire parliaments to decide the nature and extent of national armament, the primary responsibility of each portion of the Empire was

CANADA

for its own local defence. Mr. Mackenzie declared that the Government's defence policy was based upon the following considerations: the general interest of Canada, the security and welfare of the Canadian people and their homes, and due regard to any obligations Canada had incurred.

The details of that policy were revealed when the estimates for 1937-38 were tabled on January 18. The Department of National Defence vote totalled \$35 million, an increase of roughly \$7½ million over the previous year's vote. The latter, moreover, included items totalling \$4½ million for unemployment relief camps and civil aviation, which have now been removed from the jurisdiction of the Department; the actual increase in its vote is no less than \$11,600,000, which follows an increase of \$5 million a year ago. The estimates for the different services are as follows:

| | 1937-38. | <i>Approximate increase.</i> |
|------------------------|------------|----------------------------------|
| | \$ | \$ |
| Militia services . . . | 17,850,428 | 4,550,000 |
| Naval services . . . | 4,486,610 | 1,550,000 |
| Air services. . . | 11,752,650 | 5,500,000 |

The greater proportion of the additional money is to be devoted to strengthening the air force and improving the coastal defences. The air force is to acquire 102 new planes of different types, and special efforts will be made to have as many as possible of them manufactured in Canada. These reinforcements will bring its strength up to 284 machines, of which, however, a number are either obsolete or obsolescent. The personnel of the air force is also to be augmented by 48 officers and 565 men, raising it to a total of 195 officers and 1,498 men, while the non-permanent air force is to be increased by 21 officers and 280 men to a total of 118 officers and 946 men.

The Canadian navy will continue to keep in commission four destroyers and auxiliary vessels, but it will be stronger

REARMAMENT

through the replacement of two obsolete destroyers by others of a more modern type recently purchased from the British Government. The vote for 1937-38 also provides for the building of four minesweepers at a cost of \$750,000. Furthermore, the personnel of the navy is to be increased by 373 to a total of 1,339 officers and men, and that of the Royal Canadian Naval Volunteer Reserve by 161 to a total of 1,212. There is to be a small increase of the permanent army, making its total strength 465 officers and 3,760 other ranks. Recently the territorial or non-permanent militia, as it is styled in Canada, has been subjected to drastic reorganisation, which has resulted in the elimination of a number of inefficient or merely paper units. Provision is now to be made for the training of 46,340 men of all ranks for periods of ten, twelve or fourteen days. The additional equipment to be provided for both the permanent army and the non-permanent militia will include a number of coastal defence guns of large calibre. New sites for coastal batteries are to be developed, and anti-aircraft guns and other defensive equipment secured. A considerable number of militia units are being mechanised.

On the whole these plans command public approval. Imperialists may regard them as inadequate, but only a coastal defence policy could have won the support of most of the French-Canadian Liberals. (There recently appeared, however, in *L'Action Française*, a paper of extreme nationalist views, a surprising editorial favouring an increase of Canada's armaments on the ground that it might be necessary as a safeguard against disturbing influences now visible in the United States.) The country will be satisfied to let the evolution of any larger policy await, as the Ministry obviously intends, developments in the international situation.

Canada,
January 1937.

AUSTRALIA

I. POLITICAL CHRONICLE

THERE have not been lacking matters of interest and importance in the Commonwealth during the past three months. The Commonwealth budget has been well received, and criticism of it in Parliament suggested the forced discharge of the duties of an Opposition rather than the expression of genuine disapproval. A feature of the budget was the proposed large increase of defence expenditure, which is to amount to £8,809,107 from all sources in the current year. The New South Wales budget, which also reflected the improved local economic conditions, will be balanced this year for the first time in seven years.

General regret has been manifest at the death of Admiral Sir David Murray Anderson, Governor of New South Wales and a former Governor of Newfoundland. He contracted a severe illness on the voyage to Australia, and was in hospital in Perth for some weeks. He afterwards carried out his duties, though obviously a sick man, in a manner which commanded widespread admiration, and was splendidly assisted by Lady Anderson.

Much public interest has been created by the exclusion of a Mrs. M. Freer, a British subject, from the Commonwealth by the Minister for the Interior, and questions have been asked in the House of Representatives in an endeavour to elicit the reason for her exclusion. The questioners obtained little satisfaction, but it is generally thought that the Minister, in subjecting Mrs. Freer to a dictation test in Italian, which she could not pass, and thereupon declaring her to be a prohibited immigrant, acted unwisely in his

POLITICAL CHRONICLE

administration of the Immigration Act; for his action appears to have been based on *ex parte* representations, made on behalf of people in Australia who for private reasons were anxious to prevent Mrs. Freer from landing. That the Minister's action was within the powers he may lawfully exercise under the Immigration Act was determined by *habeas corpus* proceedings in the High Court. It is the propriety, not the legality, of the action that has been criticised.

Air Mails and Civil Aviation.

The negotiations over the British-Australian air-mail contract have been unusually prolonged. Although the ultimate form of the agreement has still to be determined, most of the major points under discussion between the two Governments are known to have been settled.* Australia will retain control over the Singapore-Sydney section of the route. The Commonwealth Government from the outset considered that such control was essential, and it has been difficult to deny its claims in this respect, though the reasons originally advanced† were not convincing. The efficient working of the last section by Quantas Empire Airways, subject to the control and supervision of the Federal Ministry, has reflected credit on those responsible. During the past 18 months, late air mails from Great Britain have been at least as numerous as those on time, and public opinion in the Commonwealth is inclined to be critical towards the service, particularly the section west of Singapore, on which most of the delays have occurred.

There are to be two mails per week and some surcharge, probably 5d per oz, on mails going from Australia to Great Britain, but this may be reduced or abandoned altogether if the expected large increase of air mails

* The Commonwealth Prime Minister announced the terms of the agreement on February 8; they follow closely the lines forecast in this article.—*Editor*.

† See THE ROUND TABLE, No. 103, June 1936, p. 627.

AUSTRALIA

eventuates and thus justifies the application of the ordinary postal rates. The duration of the contract is 15 years, though it will be reviewed every three years and the Commonwealth will have the right to withdraw if it does not consider the service to be satisfactory. The issue of flying-boats *versus* land planes has been left to the experts to determine, though it is expected that flying-boats will be employed eventually, if not at the commencement of the service, which is now scheduled for January 1938. Under the modified agreement, the Australian subsidy will probably be £150,000 per annum instead of the £93,000 payable at present. The financial obligations of the Commonwealth Government are not likely to be as heavy as was at one time expected, on account of the increased and increasing popularity of the air-mail services. There is thus every ground for assuming that the revised contract will give satisfaction to all parts of the Empire concerned.

In November the High Court gave a decision of great significance concerning the control of civil aviation in the Commonwealth. The Court allowed an appeal by an air pilot against whom action had been taken for an alleged breach of air regulations made by the Commonwealth Civil Aviation Department. It had for long been held by constitutional authorities that the Federal Parliament had no power under which it could legislate for the complete control of civil aviation. As far back as 1920 a conference of Premiers decided that it was desirable to confer the control of air navigation and aircraft on the Commonwealth, but as some of the states were inclined to withhold certain of their powers in this respect nothing effective was done. The Royal Commission on the Constitution, in its report in 1929, expressly recommended that specific power should be given to the Commonwealth to legislate in respect of all matters affecting air navigation and aircraft. Its recommendation, however, was not put into effect.

POLITICAL CHRONICLE

The matter has now been brought to a head by the High Court's decision. This limits the power of the Commonwealth to pass legislation for the control of civil aviation (a) to inter-state air navigation and matters relating thereto, (b) to civil aviation in Commonwealth territories, and (c) to measures necessary to implement the International Air Convention, to which the Commonwealth is a party; but in this case the legislation must be strictly confined within the terms of the Convention. The need for giving the Commonwealth wider powers is instanced by the fact that the terms of the Air Convention relating to the regulation of aircraft apply only to aircraft engaged internationally, and that therefore the Commonwealth would appear to have at present no control over aircraft engaged in intra-state activities. The Government has decided to ask the people immediately for full power to enable the Commonwealth Parliament to legislate in regard to air navigation and aircraft. The referendum on this question will be held in conjunction with the marketing referendum early in 1937.

Incidentally, two of the judges expressed the opinion that the Commonwealth has power to enter into any international agreement and to pass legislation to secure the carrying out of such an agreement, even though its subject matter is not otherwise within the scope of the Commonwealth's legislative power. This view is based upon a liberal interpretation of the Commonwealth's powers in regard to "external affairs". It follows and develops an opinion of the late Mr. Justice Higgins. Although the opinions so far expressed by some judges on this issue are *obiter dicta* only, they indicate a trend of judicial opinion which if adopted by the High Court would extend the functions of the Commonwealth in a manner undreamed of by the founders of the constitution.

Important consequences would follow, especially as specific mention was made of labour conditions. This term may be held to include the length of the working

AUSTRALIA

week, a subject generally considered to be outside the scope of the legislative powers of the Commonwealth.

Trade Agreements.

The Commonwealth Government has recently concluded trade agreements with Belgium, Czecho-Slovakia, France and the Union of South Africa. These are subject to parliamentary ratification, so far as Australia is concerned, but it is not expected that there will be any difficulties in that regard.

Negotiations have been in progress for some months between the respective Governments, and the public certainly felt that it was time some trade agreements were made in the interest of Australian overseas trade. It has been thought in some circles that the Federal Ministry has been actuated by an ultra-imperial commercial policy, and that foreign markets of considerable size and importance for some Australian exports were in danger of being lost. This view appeared to be supported by the attitude of the Government towards trade with Japan, and the new agreements will be welcomed by those who favour a liberalising of the Government's approach to the problems of overseas trade. Indeed, in some respects Sir Henry Gullett's speech announcing the agreements indicated a partial reversal of his form during the winter. He made it clear that the need for holding as many overseas markets as possible for Australian wool was fully realised, perhaps because the Ministry's policy in regard to Japan had meant the complete loss of Japanese competition at the Australian wool sales.

Imports of Australian products into Belgium totalled £4,854,596 * in 1934-35, of which £4,346,526 represented wool. For the same period the comparable figures for Czecho-Slovakia were £83,190 and £83,043. Imports into Australia from Belgium were £477,864 and from Czecho-Slovakia £353,796. The French figures show imports

* Values in Australian currency unless otherwise stated.

POLITICAL CHRONICLE

from Australia equivalent to £8,900,000 sterling, and exports to Australia equivalent to £600,000 sterling—a balance of trade of over 14 to 1 in favour of Australia. The difference between the French and Australian statistics is due to the inclusion of indirect purchases of Australian wool by France in the French figures.

Thus the trade position between Australia and these three countries varies enormously. The balance of trade between Australia and Belgium has been in Australia's favour during the last four years to the extent of 11 to 1, whereas Czecho-Slovakia has had with Australia a favourable balance of 3 to 1 during the last three years. The Commonwealth has made concessions in duties and/or primage in a large number of items by reducing the margin between the British preferential tariff rates and the general tariff rates previously applicable. The Government estimate that the primage concessions will amount to more than £100,000 annually. In some instances both preferential and general rates of duty and primage have been reduced.

Australia does not appear likely to gain any spectacular immediate benefit in her export trade as the result of the three agreements; but her existing market for wool is more assured, and a market for Australian apples may be developed in Czecho-Slovakia, and for meat and barley in Belgium. The treaty with France should help to increase French exports to Australia, but increased French wool purchases from Australia in the future are likely to be caused by more fundamental facts than the trade treaty. Australia nevertheless should benefit from the French agreement, since her exports have been subject to the maximum French duty in the absence of a commercial treaty between the two countries, and since some special French retaliatory duties on butter and wheat have been abolished. France has also guaranteed Australia satisfactory quotas for barley, pears and apples. The vexed question of wine appellation has been settled in a manner

AUSTRALIA

satisfactory to Australia. The French Government will not object to the use of names of French districts upon Australian wine.

It is understood that the British Government was consulted before the conclusion of the negotiations and agreed to some modifications of the application of the Ottawa agreement. The agreement has materially hindered the efforts of the Federal Government to conclude trade treaties with foreign countries, and the action of the British Government is taken as indicating a trend towards freer trade between the Empire and the rest of the world. All the recent agreements contain a form of the most-favoured-nation clause, and the agreement with South Africa is simply an exchange of letters agreeing to most-favoured-nation treatment.

Some criticism has been directed at the Government for ignoring the Tariff Board in the alteration of duties necessary under the trade diversion policy, Professor L. F. Giblin being the most distinguished of the critics.* The Government, however, has retorted that at the last general election the Prime Minister in his policy speech specifically proposed the negotiation of overseas trade treaties and consequent alteration in duties independently of Tariff Board enquiries. There might be considerable difficulties in the way of arranging bilateral trade agreements, or of making some fundamental change in trade policy, in which the concessions given or penalties imposed were only relative to the general or British preferential tariff, if strict adherence to Tariff Board recommendations were made imperative. In regard to one item (tobacco) the Government went directly contrary to the Board's recommendation, and there is undoubtedly a danger that under its trade policy the expert and impartial consideration of the Tariff Board will have gradually to yield to inexperienced and political considerations.

* See THE ROUND TABLE, No. 105, December 1936, p. 211.

POLITICAL CHRONICLE

The Commonwealth Grants Commission.

The Grants Commission recently presented its third report, and its recommendations regarding the federal grants for 1936-37 that should be made to the claimant states of South Australia, Western Australia and Tasmania have been acted upon without amendment. A recent number of THE ROUND TABLE * contained a short review of the work of the Grants Commission and of the broad principles that governed its recommendations in the first and second reports. In the third report there has been no fundamental change in those principles.

The grants proposed for the current financial year, compared with those for the last year, are as follows :

| | 1935-36. | 1936-37. | Per Capita. |
|---------------------|------------|------------|-------------|
| South Australia . | £1,500,000 | £1,330,000 | £2 5s. 4d |
| Western Australia . | £ 800,000 | £ 500,000 | £1 2s. 3d |
| Tasmania . | £ 450,000 | £ 600,000 | £2 12s. 0d |

Since the statistics for 1934-35 form the basis of the Commission's calculations, there is a time-lag in the application of the remedial financial measures. This is not thought to be of material consequence. But the Commission added £44,000 to this year's grant to Western Australia as a special allowance on account of the effects of the drought on that state's financial position.

In its first report the Commission based its recommendations on the financial needs of the governments of the claimant states, and rejected the widely held theory, which was roughly applied before the Commission was appointed in 1933, that the proper basis on which federal financial aid should be given was the extent to which the financial disabilities of the states were due to federation and to the effect of federal policy. In its third report the Commission strongly adheres to its previous view. Whether, however, the Commission has succeeded in

* No. 102, March 1936, pp. 402 *et seq.*

AUSTRALIA

formulating the best method of assisting the less prosperous states is still open to some doubt. A suggestion of which more may be heard is that financial and economic inequalities between the states could be corrected on a more or less permanent basis if the proceeds of federal direct taxation were shared by the states by reference to relative prosperity, population, and area. Those states which are below the average of prosperity, as shown by the federal income tax assessment plus wage payments, would receive larger shares, while there would be corresponding deductions for states showing prosperity above the average.

The work that the Grants Commission is doing is of great value to the Australian federation and its industry has been widely praised, even by those who have disagreed with some of its conclusions.

II. LAND SETTLEMENT IN AUSTRALIA

THERE is a certain amount of demand within Australia for new schemes of land settlement. The demand comes, in the main, from political groups, and from those who, having built up good properties for themselves, want to acquire with government aid other properties for their sons. There is also a demand from patriotic people in the cities, who, believing that the adequate defence of the Commonwealth calls for a much larger population, think that the increase should be in the rural industries, and from those who believe that the healthy nation is the one that has a large proportion of its people on the land.

In common with that of most other countries, the population of Australia tends to increase in metropolitan and urban centres and to decrease in rural districts. At the 1891 census, the rural population of New South Wales (which has the largest population of all the states) was 33·8 per cent. of the whole. By 1933, the percentage had dropped to 22·8 per cent., despite the fact that the economic

LAND SETTLEMENT IN AUSTRALIA

depression had checked the movement from the land to the cities and had, indeed, started a temporary movement in the opposite direction. Then, too, with the improvement in methods of cultivation, the development of scientific knowledge, and the great advances in mechanisation, fewer people are needed to produce the same crops as in the past. The demand of the cities and towns for foodstuffs and wool is easily satisfied, and in most rural industries there is a surplus for export. The great problems are to produce those surpluses at a level of costs that will yield profits when the surpluses are sold overseas, and to develop a larger demand in the overseas markets. Expansion in most of Australia's rural industries can come about only if there is expansion in overseas demand.

There is no question whatever as to Australia's ability enormously to increase her output of primary products, but if an increase is justified by demand it should come from a better use of the lands now in occupation, rather than from an extension of the area. There are no great empty spaces waiting to be settled; great empty spaces there are, to be sure, but they are in areas that have insufficient rainfall for profitable occupation. The last few years have shown that many wheat-growers have pushed out too far; great sums of public money have been spent on establishing them in the low rainfall areas, and, as a result of their poor harvests, further sums have been spent on keeping them there. When their failures were evident, a wise policy might have been to move them to land within the area of good rainfall, even though that would have involved the purchase and subdivision of large properties now devoted to the pasturing of sheep.

That, broadly, is the position. The land that is worth working is all occupied, but much of it could be worked more intensively. The claim of those who demand government purchase and subdivision of large estates, for sale on easy terms, is that a large property, now owned by one man and worked with a staff, could provide a living

AUSTRALIA

for six, ten or a dozen owners and their families if it were subdivided. The claim is sound in theory, and sometimes in practice, but there are many provisos. As a method of increasing the number of people on the land little can be said against it, but unless the new owners bring to their tasks sound knowledge and adequate capital the six, ten or twelve families may produce less from the area than the previous owner, and the produce, especially if it be wool, may be of poorer quality. When drought comes—as it does with certainty, if not regularity—the sheep may die, for the new owners may lack the capital to buy feed. Too often weeds may grow, for the new owners may lack the means to employ the labour necessary to keep them in check. Too often the wool may deteriorate in quality because the new owners may lack both the wisdom to improve their sheep by selection and the capital to buy good rams. To replace an efficient grazier who has regularly paid his taxes—large graziers pay large taxes—with half a dozen men who make incomes so small that the aggregate taxation is as nothing in comparison, is beginning to look to governments like bad business, and many politicians (particularly Labour politicians) who were once ardent advocates of closer settlement now have grave doubts about its wisdom.

The idea that a man of limited capital can go on the land and make money easily is no truer in Australia than anywhere else. There are exceptions, of course; in the days when governments were selling crown lands in the good rainfall areas at low prices—often as low as half-a-crown an acre—many competent men, starting with little capital, succeeded in establishing profitable properties. In those days, men started in sheep and wheat, with little more than their zeal and vigour, and reaped great rewards. The rare man might do it to-day—the rare man *will* do it to-day—but conditions have changed. Since the early days land has risen in value forty or fifty fold. It calls for £6,000 to acquire a property and stock it with a

LAND SETTLEMENT IN AUSTRALIA

thousand sheep to-day, and, whether governments or rural banks or the vendors provide the money, the interest will be a charge against the year's business. The exceptional man will make a satisfactory income for himself after meeting his expenses. Most men, however, will get very little more than the interest that £6,000 would have earned if invested at $4\frac{1}{2}$ per cent.

The writers of this article have before them the balance sheets of a property of 1,000 acres purchased in 1928 at £8 per acre. There were, at last balance, 1,200 sheep and 800 lambs on the place and they were worth £1,800. The total capital investment is £8,800. After six years' occupation, and four years of top-dressing of pastures with superphosphate, the gross revenue last year was £1,024. The expenses (allowing the owner £3 a week for living) were £1,031. The owner is a man of long experience and good judgment, and has connections that often enable him to make a deal in sheep that might not come the way of men without such connections.

A great variation in the prices of the main products of the land is one of the causes of failure to make profits. The average price of greasy wool during the three years 1911 to 1913 was $8\frac{3}{4}$ d per lb, and those who were established on their properties at that time had purchased them at, and had adjusted their operations to, such a level of returns. By 1925 the value of wool had doubled, and many men went into the industry on the basis of an average price of $16\frac{1}{2}$ d per lb. The average price stayed around that figure for about four years, and the whole economy of the industry was adjusted to it. In 1929-30 the average was down to $10\frac{1}{2}$ d. From 1930 till 1933—another four years' period—it was around $8\frac{1}{2}$ d. There was then little demand for new schemes of settlement, but in 1933-34 the average price rose to $15\frac{3}{4}$ d per lb, and a new interest was taken in the subdivision of properties. A drop to $9\frac{3}{4}$ d per lb came in 1934-35, but happily there was a rise of 45 per cent. in 1935-36.

AUSTRALIA

There is a similar story to be told of wheat, but it can be told in a different form. Since 1911 the average price of wheat has run all the way from 7s. 3d per bushel in 1920-21 to 1s. 7d per bushel in 1930-31. Governments, both state and federal, have been under the necessity of providing bounties and subsidies to wheat-growers in four recent years. In 1931-32 the total bounty was $4\frac{1}{2}$ d per bushel; in 1932-33 it was 3d; in 1933-34 it was nearly 4d, and in 1934-35 about $5\frac{1}{2}$ d per bushel. There should be no call for a bounty this year.

Only by adopting various schemes for establishing a local price in excess of the world parity have governments been able to keep great numbers of dairy farmers on the land. There has been a wide range in the average price of butter obtainable by the farmers, from 2s. in 1920-21 down to 8d or thereabouts. Many bought their properties, or incurred debts for improvements or other reasons, in the period of high prices.

The Government of New South Wales has recently announced a new plan for encouraging closer settlement of pastoral properties. In making the announcement, the Premier (Mr. Stevens) said that the owners of several large properties had intimated their willingness to subdivide under this new plan. The Commissioners of the Rural Bank will advance up to $66\frac{2}{3}$ per cent. of the cost of the land from the bank funds, and government will supplement such advances by a further $13\frac{1}{3}$ per cent., thus leaving the purchaser to find only 20 per cent. of the cost of the property. The loans will be repayable over a period of up to 31 years. Interest will be at current rates. The plan has been devised to increase the number of land-owners engaged in sheep-raising, and there is no sign that the government will assist in the subdivision of properties for wheat-growing (unless it be in combination with sheep-raising), dairying or fruit-growing.

The view of most men in a position to know the problems of land settlement is that it would have been better

LAND SETTLEMENT IN AUSTRALIA

for the Premier to allow settlement to proceed in the natural way. Experience is a better guide than public clamour, and experience is against putting men on the land who have to borrow most of the capital they put into their properties. If governments must have land settlement schemes it would profit them to look into the question of assisting existing settlers, where necessary, to make a success of properties they are in process of acquiring from the Crown. Governments might do this by writing down excess values, and by letting the men who have shown themselves competent take over adjoining (or other) properties from men who have not shown themselves competent. Far too many Australian "closer settlers" are on properties that are too small to enable them to make a living.

It would be misleading to end this rather pessimistic statement of the position without saying that land settlement will go on in Australia despite the difficulties here indicated. Men who want land will find a way to acquire it; people from overseas with the will to succeed, and the capital with which to back up their determination, will go on the land and prosper in the future, as they have done in the past; young men and boys, in hundreds every year, will be absorbed into the various rural industries; the rural population will increase with scientific farming. The era of the pioneer is passing and the era of scientific working and rural efficiency is coming. This means that the now occupied land will be worked more intensively; but the new technique calls for more capital and more labour and, as more people are employed, living conditions will become better for all. That is the future of land settlement as Australia sees it, but it is a future dependent on her finding oversea buyers for her exportable surpluses.

Australia,

January 1937.

SOUTH AFRICA

I. THE POLITICAL SITUATION

PARLIAMENT was opened this year on January 8, three weeks earlier than usual. The Prime Minister, who is to attend the Coronation and the Imperial Conference with two of his colleagues, is due to leave Capetown in mid-April. It is desired to complete most of the work of the session before he sails, and it is hoped that the prorogation will take place early in May. Having regard to the Government's legislative programme and the temper of the main Opposition, this latter hope seems to be unduly optimistic.

The recess has been characterised by a great deal of political activity. General elections have been fought for all four provincial councils, and the approach of the parliamentary general election, which must take place in 1938 at latest, has added zest to the fight. The results of the provincial elections in the Transvaal and the Orange Free State were recorded in the last issue of *THE ROUND TABLE*.* In Natal, the Dominion party did better than in the Transvaal, but much less well than it had expected to do in this most British of the provinces; and while here, too, Labour made some headway, the United party retained a comfortable majority over all-comers. In the Cape Province, while the result also disclosed a majority for the supporters of the Government, this was accompanied by a very considerable increase in the Nationalist poll and representation. In this province at least the Government's hold on public support has definitely been weakened.

If the provincial elections are regarded as a whole, they

* No. 105, December 1936, pp. 212-14.

THE POLITICAL SITUATION

reveal that the Government is still able to face a parliamentary general election to-day with the assurance of securing a substantial majority; that the Dominion party has deeply disappointed the hopes of those who launched it, and shows little promise of becoming an effective anti-Government force; that Labour, hampered as it is by disunity and ineffective leadership, has made nothing like the progress that might have been anticipated; and that a by no means negligible threat to the Government's position is presented by the Nationalists, certainly in the Cape, to a smaller extent in the Free State, and in time doubtless in the Transvaal.

The strength, present and potential, of the Nationalist party lies in its appeal to popular sentiment. In breaking away from the United party as launched by Generals Hertzog and Smuts, it sought to capitalize anti-British sentiment. In this respect its success has been on only a limited scale, and this is so especially in the Transvaal, where the old republican fire might have been expected still to smoulder most strongly. But of late it has sought to exploit other sentiments and prejudices. The native legislation, more especially the provision made under the Native Trust and Land Act for the purchase of land for natives, gave it the opportunity to play on colour prejudices. It is also making the most of the Government's refusal to introduce legislation to prohibit marriages between Europeans and all classes of non-Europeans, whether natives, Asiatics, or of mixed blood.

More recently it has taken up the anti-Jewish cry, which has for the last few years been raised in South Africa by a typical "shirt" movement. Since the Nuremberg decrees there has been a considerable increase in Jewish immigration from Germany, and when it was announced that the regulations were to be tightened up, with effect from November 1, a special ship was chartered to bring out over 500 German Jews. This ship arrived just before the Cape provincial election, and its arrival contributed substantially

SOUTH AFRICA

to the success of the Nationalists, who had in the meantime thrown themselves wholeheartedly into the anti-semitic campaign.

It is clear that this matter will play a big part in the session's debates. The Government is introducing an Aliens Bill, which embodies the principle of selection in respect of all immigrants other than those of British birth. Dr. Malan, as leader of the Nationalist Opposition, has submitted a motion demanding legislation of a specifically anti-semitic character. As a result anti-semitism will assume a significance which in the past, happily, it has never had in South African politics. No doubt the Opposition anticipates that its position will be strengthened by raising this issue, and that by such tactics it will be able to drive a wedge between the more and the less liberal elements in the Cabinet and in the United party, of whose existence a great deal of evidence has been given lately.)

For the rest, the Government appears to have a heavy legislative programme. There is a batch of labour legislation standing over from last year, designed to improve the machinery for maintaining peace in industry. There are three agricultural Bills of considerable importance, dealing with marketing and control along lines that seem now to be accepted as customary throughout the world, though hardly any the more palatable to consumers on that account. There is a Bill dealing with the control of natives in urban areas, which friends of the natives view with considerable apprehension, though with how much justification it is not yet clear. At the same time General Smuts has given notice of important legislation aiming at the removal of abuses that have crept in under the present company law.

Finally there will be two measures of constitutional significance. One will deal with the alteration in the succession to the Throne; the other, which is held to be necessitated by the changed status of the Dominions, will be concerned with the form of the Coronation oath, in so far as it concerns South Africa. To what extent this

THE GOVERNOR-GENERALSHIP

legislation will provide the Dominion and Nationalist party Oppositions with an opportunity for renewing constitutional wrangles cannot yet be foretold.

II. THE GOVERNOR-GENERALSHIP

SOUTH AFRICA is to have one of its own citizens as Governor General. It had been realized for long that the Prime Minister, General Hertzog, was deeply committed to the principle of such an appointment. On several occasions he had let it be known in public that he would, when the time came, make a recommendation to the King in accordance with that principle, and it was recognised that constitutional practice would necessitate its acceptance. When Lord Clarendon's term of office was extended a year ago, shrewd observers remarked that part at least of the purpose was to give public opinion a further period to prepare for the inevitable change.

Yet it cannot be denied that the announcement made during November that Lord Clarendon would lay down his office in March, 1937, and would be succeeded by Mr. Patrick Duncan, the Union's Minister of Mines, was felt as a shock throughout South Africa. For one thing, it had been assumed and hoped that Lord and Lady Clarendon, who have made themselves very widely and deservedly popular, would have remained until at least the end of 1937; for another it had hardly been anticipated that the new Governor General would be chosen from among the members of the Cabinet. There has been a remarkable unanimity of public opinion in regard to Mr. Duncan's suitability, as a man, for the high office to which he has been called. It has been recognised that in character, experience, ripeness of judgment and balance of temperament, he possesses all the necessary qualities. But, apart from the personal aspect, the appointment cannot be said to be a popular one. For many South Africans, more especially but not entirely South Africans of British stock, the breach

SOUTH AFRICA

with tradition represented by the appointment of a "local" Governor General is a matter for regret or even for stronger feelings—there is indeed evidence enough of a somewhat unreasoning tendency to regard it as the snapping of yet another link with the Empire. As far as comment in the public press is concerned, no very strong objection has been raised against the principle of a "local" appointment. But there has been a great deal of powerful criticism, even from some of the Government's most loyal and effective supporters, of the decision to appoint a politician still in the active pursuit of his craft. The extent to which this criticism is really prompted by an undisclosed dislike of the idea of choosing anyone from South Africa as its own Governor General is difficult to assess.

Shortly after the appointment was made, General Smuts, sensing the prevalent attitude, spoke at some length in defence of it. He rightly urged that it should not be regarded as in any way weakening the partnership between South Africa and the Commonwealth—that indeed it should serve to strengthen it. He went on to refer to the fact that Lord Tweedsmuir and Mr. Duncan had been colleagues in South Africa as members of the "Milner Kindergarten" thirty years ago, and asked why, if it was appropriate that Lord Tweedsmuir, who had left South Africa, should have been appointed Governor General of Canada, it was inappropriate for Mr. Duncan, who had remained in South Africa, to be appointed Governor General of the Union. The impression made by General Smut's defence was not an entirely happy one, and his main argument seemed to be effectively countered by the observation that, while Lord Tweedsmuir had never participated in Canadian politics, Mr. Duncan was actually a member of the South African Government.

It is this aspect of the matter, and perhaps this aspect only, that gives rise to concern. If a South African politician had to be chosen, then, everyone agrees, no choice could have been happier than the one actually made. But,

SOUTH-WEST AFRICA

when once the principle of a political appointment has been admitted, what assurance can there be that the next choice will be equally happy, the more so as it may well be made by men of different outlook from that of the makers of the present one? If ever a pronounced political partisan is to be made Governor General, or if the post should come to be regarded as a possible reward for party political services, the prestige of the office will receive a vital blow. And that is something which South Africa, as a whole, does not desire to see.

It is, however, difficult to foretell the course of development in this matter as far as the Union is concerned. It may be that South Africa, like Australia, will decide five years hence to reverse the policy on which it has now embarked. On the whole that is unlikely. It may be that South Africa will follow Ireland, and that the office will be shorn gradually of its prestige and eventually disappear. That may probably also be dismissed as unlikely. Having regard at once to the general temper of the South African people and to the character of the man chosen for the launching of the experiment, it seems to be not too much to hope that it will in fact prove to be a success, that sound traditions will be established from the outset, and that a succession of South Africans will be found capable of maintaining as Governors General the dignity of the office in a spirit of impartiality and of self-effacing detachment.

III. SOUTH-WEST AFRICA

EARLY in December, the Union Government issued a communiqué giving its decisions on the report of the South-West Africa Commission. A full account of this report and of the Commission's recommendations has already appeared in *THE ROUND TABLE*.^{*} It will be remembered that the Commission found unanimously that the present form of administration of the territory was a

^{*} No. 104, September 1936, pp. 772, *et seq.*

SOUTH AFRICA

failure; each of its three members, however, recommended a different form of administration for the future, only one advocating the administration of the territory as a fifth province of the Union. In view, therefore, of this lack of unanimity in the Commission's recommendations, and of the antagonism that the fifth-province proposals have aroused amongst the German section in the Territory, the Union Government has decided against that solution. The communiqué runs :

Although the Union Government is of the opinion that to administer the Mandated Territory as a fifth province of the Union, subject to the terms of the Mandate, would not be in conflict with the terms of the Mandate itself, it feels that sufficient grounds have not been adduced for taking such a step. It is however not convinced that the existing form of administration does not answer its purpose, or that the administration of the Territory as a province of the Union would contribute materially to that greater measure of security which the Union section desire. The Union Government also very much doubts whether any of the other solutions which have been suggested would give greater satisfaction than the existing form of administration.

The present form of administration is, therefore, to continue. Steps, however, are to be taken to allay that sense of insecurity in regard to the future of the territory which, as the report indicated, lies at the root of much of the unrest, leading the Union section of the population to agitate for a tightening of the bonds with the Union and encouraging the German section to lend itself to Nazi intrigues for the return of the territory to Germany. With a view to checking these two opposing tendencies, the communiqué states that

The Union Government is not prepared to consider the possibility of the transfer of the Mandate to another Power, and wishes to assure the people of South-West Africa that it has as little thought of abandoning the Mandate as it has of abandoning its own territory. No one need, therefore, be perturbed by the statements of persons who, for political reasons, make play with the imminent return of the Territory to Germany.

This downright announcement may, indeed, lend colour to the views of those who say that a mandate is only a pretty

SOUTH-WEST AFRICA

name for annexation; it may cause the Mandates Commission some apprehension as to the Union's ultimate intentions in South-West Africa; but it should undoubtedly achieve its immediate purpose of satisfying the Union section of the population of the Territory as to its future security, and of warning the German section of the futility of Nazi intrigue.

Further, the communiqué makes it plain that the Union Government intends to deal firmly with the problem of the Nazi intrigues in the Territory so convincingly revealed in the Commission's report. Whilst prepared for the recognition of German as an official language in the Territory, and entertaining "no objection whatever to endeavours on the part of the German-speaking section of the Union nationals to maintain their language and cultural life and to establish, for this purpose, their own societies and organisations", the Union Government has decided to render it impossible for aliens to be members of political organisations or of public bodies and other organisations "in regard to which the Administrator considers it undesirable that aliens should be members". Moreover, legislative measures are to be taken to prevent any unlawful infringement of the liberty of the person and to protect the individual against unlawful pressure or compulsion in the exercise of his public or private rights. These measures, if carried into effect, should go far to check the activity of Nazi agents in the Territory and to encourage that not inconsiderable section of the German-speaking population which, if freed from external intimidation, would be prepared to cooperate with the Union section in the future, as it did before the Nazi era, in promoting the welfare of the territory. Briefly, therefore, the Union Government, having decided to leave the constitution of South-West Africa unchanged, is determined to secure those conditions of free speech and action without which that Constitution cannot work.

SOUTH AFRICA

IV. THE CROWN AND THE BECHUANALAND PROTECTORATE

THE judgment of the Special Court of the Bechuanaland Protectorate in the case of Tshekedi Khama and Bathoen *versus* the High Commissioner, which was delivered in November last, merits more than local attention, since it has been taken to indicate a change of the Administration's policy. Until recently that policy could be fairly described as leaving a considerable share of the powers of government and of the administration of justice in the hands of the chiefs and their respective tribal institutions, with a minimum of interference with native law and custom. More recent events have suggested a revised attitude. Draft proclamations dealing respectively with certain aspects of government and administration of justice were drawn up by the High Commissioner and circulated among the chiefs for their comments. Conferences were then held between chiefs and Administration officials. Ultimately, after several periods of delay, the High Commissioner promulgated Proclamations 74 and 75 of 1935. The effect of the former proclamation was to impose external checks and limits upon the administrative and judicial functions of the hereditary chiefs, and generally to develop the relevant native custom along constitutional lines. The latter proclamation replaced the existing system of native courts or *Kgotlas*, and of elaborate series of appeals, by new tribunals of paid members, thereby depriving the chiefs of much of their judicial authority.

From the outset, difficulty was experienced in bringing the proclamations into operation, particularly among the Bamangwato and Bangwaketse tribes, whose respective chiefs, Tshekedi Khama and Bathoen Seepapitso Gaseitsiwe, instituted actions in the Special Court of the Protectorate for the purpose of testing their validity. The Hon. Mr. Justice E. F. Watermeyer, of the Cape Provincial Division of the Supreme Court of the Union, heard these actions at Lobatsi. The plaintiff chiefs claimed that the proclamations

THE CROWN AND BECHUANALAND

were of no legal force or effect, contending that in promulgating them the High Commissioner had exceeded the powers conferred on him by the order in council of May 9, 1891. The defendant initially maintained that in terms of the same order in council the Court had no jurisdiction to examine the validity or otherwise of the proclamations, but the Court overruled this objection as untenable.

The plaintiffs rested their claim on three grounds, all of which the defendant traversed. The first was that the proclamations violated a residuum of sovereign rights vested by treaty in the chiefs; the second, that the proclamations were uncertain and unreasonable; the third, that they altered native law and custom in conflict with the express terms of the order in council.

On the first issue the Court, after a meticulous historical survey, found that the evidence relating to the existence of treaty rights was insufficient to determine a decision, and therefore had recourse to section four of the Foreign Jurisdiction Act, whereby a Secretary of State's answer to questions involving the existence or extent of the Crown's jurisdiction in a foreign country is constituted conclusive evidence. To a question framed by the Court the Secretary of State for Dominion Affairs replied :

I am of opinion that the words "full internal sovereignty" are inapt to describe His Majesty's powers in a Protectorate, but His Majesty has unfettered and unlimited power to legislate for the government of and administration of justice among the native tribes in the Bechuanaland Protectorate, and this power is not limited by treaty or agreement.

Not only did this answer dispose of the plaintiffs' first contention; it also disposes, it is suggested, of the argument that the contemplated transfer of the territory to Union protection would constitute an infringement of treaty obligations.

On the second issue the Court found that this was not a case in which it could enquire into the reasonableness of

SOUTH AFRICA

the legislation proposed, since, where a discretionary power to legislate is delegated, no duty is imposed on the Courts to say when measures are, and when they are not, in the general interests of peace, order and good government. This decision, however, would appear to burke the issue of uncertainty, which the evidence showed to have arisen from the application of certain provisions of the proclamations to the actual conditions in the protectorate.

On the third issue the Court found difficulty in interpreting section four of the order in council of May 9, 1891 :

The High Commissioner in issuing such Proclamations shall respect any native laws and customs by which the civil relations of any native Chiefs, tribes or populations under Her Majesty's protection are now regulated, except so far as the same may be incompatible with the due exercise of Her Majesty's power and jurisdiction.

The Court concluded that this merely required the High Commissioner "to treat with consideration" all compatible native law and custom. The Court found as a fact that the proclamations made very great changes in principle in native customs, but also, as a further fact, that the High Commissioner in making those changes had respected native law and custom in the sense of giving them full consideration, and consequently held the proclamations valid.

The manner in which the section juxtaposes the requirement to respect native laws and customs and the exception to that requirement makes it difficult to accept the Court's interpretation. Admitting the ambiguity of "respect" when standing alone, the context would appear to connote the sense of "refrain from interfering with". This interpretation would equally fit the cases suggested by Mr. Justice Watermeyer as supporting his own interpretation. For example, there would be no need to "treat with consideration" a barbarous custom, since the exception would exclude it from respect on the ground of incompatibility. Even if the Court's interpretation be adopted, can the finding that the High Commissioner respected native law and

THE CROWN AND BECHUANALAND

custom be sustained? As Mr. Justice Watermeyer said in his judgment, "the High Commissioner cannot simply ignore native law and custom. If, for instance, he introduces legislation in conflict with some native custom of which he has no knowledge, then clearly he cannot be said to have respected such custom." In fact, nine days of the hearing, for which period costs were awarded to the plaintiffs, were devoted to evidence concerning native customs the existence of which was denied by the defendant. Surely these circumstances suggest an ignorance of native custom on the part of the High Commissioner inconsistent with the respect he is required to pay them. The importance of preserving to the protectorate its native institutions, customs and law, except where they are incompatible with its status as a protectorate, demands a closer study of those institutions than the Administration appears to have made hitherto.

South Africa,
January 1937.

NEW ZEALAND

FOR the first time for about five years New Zealand is enjoying a recess from Parliament which is likely to be of normal duration. It is the practice for Parliament to meet late in June and to continue until about November. The parliamentary working week is only four days, which enables country members to visit their constituencies. In 1931 the impact of the depression called for an emergency session early in the year, but the ordinary session, held some months later, was not appreciably shorter than usual. Parliament, having commenced the practice of making two bites at the cherry, could not throw it off, with the result that since that first emergency session in 1931 we have had eight sessions in five years; that is, eight recurrences of the constant disturbance and alarms to the business community.

I. PUBLIC FINANCE

IT can hardly be held against the Labour party that it did not at once abandon the early session. Coming into office in December 1935 with an entirely new programme which it was anxious to put into effect, and having a comfortable parliamentary majority, Labour was naturally impatient to get to work. Parliament was accordingly summoned for March 26. It found a good array of Bills ready for consideration, and worked hard and methodically on their enactment till June 11. Then, having overtaken the work of the legal draftsmen, Parliament adjourned for a few weeks to allow Ministers to get ready their remaining policy Bills. It resumed on July 21 and was eventually prorogued on October 31. The Labour party must have

PUBLIC FINANCE

had a comfortable feeling of achievement. It had passed altogether 59 public Acts—many of them of almost revolutionary import—13 local Acts and 7 private. Yet the number of late sittings was not greater than usual, for the closure was applied freely to expedite decisions. Moreover, the Labour party eliminated much of the wasteful and expensive debate on the Address-in-reply, which often kept Parliament employed for weeks and even months when urgent work called for attention.

The latter part of the session enabled Ministers from time to time to clarify their position on the use of "public credit" and generally on government interference with capital. Questions in the earlier months had given the Government the opportunity of saying clearly enough that they did not intend to utilise what is called "costless credit" in implementing their policy, but it remained for the budget and the taxing Bills to indicate how they intended to raise the additional revenue that their new commitments called for.* In the debate on these Bills Mr. Savage said :

Our predecessors did not seem to know any method of doing anything except by first taxing the people to get the money. . . . I think that the public credit should be used freely and sensibly for the creation of public assets. I propose to remove the sales tax and the high rate of exchange at the time that seems to be most suitable. It is all a matter of making the transformation with the least possible disturbance. In one primary industry we have a substitute—the guaranteed price. . . . The exchange should be reduced and ultimately abolished, and other methods substituted—trade agreements.

Other aspects of the Government's financial policy developed later in the session. The Finance Bill (passed on October 19) authorised the raising of £13,000,000 this year, of which £6,000,000 is for public works, £5,000,000 for housing, and £2,000,000 for main highways; some 4,000 miles of these will be taken over by the state, with corresponding relief to local bodies. Of the sum allocated for housing £1,500,000 will be made available this year to

* See THE ROUND TABLE, No. 105, December 1936, pp. 222 *et seq.*

NEW ZEALAND

local bodies at 3 per cent. interest. The Government has no intention of making a profit out of its housing policy, but it does intend to meet all the charges. The Minister of Finance (Mr. Nash) reiterated that notes will not be used to finance the policy, and that the Government will be charged interest—he does not say at what rate—on all money it may raise through the Reserve Bank. On the eve of his departure for England he announced that he would exercise the option of converting or paying off £12,400,000 of 4 per cent. stock and debentures falling due on January 15, 1940. Holders were invited to convert into $3\frac{1}{2}$ per cents maturing in January 1957 or into 3 per cents maturing in July 1941. In making this first government issue since 1933, the Minister expressed his belief in a low rate of interest for the prosperity of the Dominion; a high rate, he said, always culminated in depressions. By November 14 the sum of £8,253,780 had been converted; £2,714,750 will be repaid in cash, leaving a balance to be found from some other source.

This issue included £1,530,000 to be paid by the Government for the purchase of the electric light and power undertaking of the Southland Power Board. Though the state possesses a number of important power stations in both islands, involving the investment of £14,000,000 of public money, it has hitherto operated by wholesale only, selling the power to local boards for distribution. The Southland Board has been embarrassed for some time owing to its heavy burden of loans, upon which a sinking fund is provided at the rate of 4.1 per cent. To finance this it has in the last 12 years raised over £500,000 by rating the district. As the state had guaranteed the loans, one of which (amounting to £1,500,000) was due for repayment in London on September 15, the Government offered to take over the undertaking as a going concern, assuming all liabilities and promising that there should be no increase in the charges for power and light. The question was submitted on September 28 to a poll of ratepayers, by

THE RATIONALISATION OF INDUSTRY

whom it was approved by a large majority. As long ago as March Mr. R. Semple stated that it was the Government's intention to make the sale of power and light a state monopoly. Thereby they advance only a step towards complete state control, since legally the state has had the right to monopolise power production for the past quarter of a century.

II. THE RATIONALISATION OF INDUSTRY

THERE was a lively controversy about the Industrial Efficiency Bill, which was introduced on September 25.* As the debate developed, the Minister of Industries and Commerce assured critics again and again that the principle of licensing and rationalising industries was only to give effect to proposals put forward by manufacturers. The New Zealand Manufacturers Federation proudly claimed that more than two years ago it had proposed licensing, planning and co-ordination of industry; but it had not anticipated such extensive departmental and political control as the Minister intended. It had suggested that the representatives of industries and of consumers should do the work. Mr. Sullivan claimed that New Zealand was merely following in the footsteps of Great Britain, but Lord Elibank, who was in New Zealand, pointed out that, under the British Act referred to, the rationalisation was enforced only when those engaged in an industry requested the Government to intervene. Mr. Sullivan accepted a suggestion that representatives of both manufacturers and workers should be present when their particular industry was being considered. Not all of the Opposition members criticised the Bill. Planning is not new to them, since their own party has applied the principle in recent years; but they condemn out of hand the wholesale powers of licensing which the Bill proposed to take for the Minister and his bureau. Such powers, they say, would have

* See THE ROUND TABLE, No. 105, December 1936, p. 233.

NEW ZEALAND

prevented a Henry Ford from getting a start in life, and yet make possible the most extreme forms of monopoly. On October 7 Mr. G. W. Forbes, leader of the Opposition, moved an amendment to restrict the operation of the Bill to certain industries to which it should apply only on their request for intervention. This was defeated by 42 to 17 and the second reading agreed to.

Meanwhile chambers of commerce and manufacturers' associations either gave their blessing to the measure or accepted its principle with safeguards to which the Minister gave reasonable consideration. He agreed that a vote should be taken in an industry before a plan was adopted and that if such vote were adverse the plan should be shelved; further, that on the submission of a provisional plan adequate notice should be given to all persons affected. The functions of the bureau were widened to include supervision of industrial capitalisation, and provision was made for compensating persons who suffered loss due to licensing. The Opposition tried, without success, to restrict the Bill to manufacturing industries. The Minister insisted that the Government did not intend to use tariffs to protect New Zealand industries. They would continue to push their policy of trade agreements. The Bill passed the House on October 21, and the Legislative Council two days later. On December 18 ten industries were gazetted as being licensed under the Act, including the importation of motor spirit, the manufacture of cement, asbestos, rubber tyres, electric ranges, pumps, rennet and phosphatic fertilisers, and the dispensing of chemists' prescriptions. These industries can now be carried on only under licence.

Before leaving for England to inaugurate the export side of the Government's marketing policy, Mr. Nash announced that it was not intended for the present to take any steps in state control of local marketing of dairy produce, beyond perhaps making regulations to secure for the producer who supplied the local market a return equal

THE RATIONALISATION OF INDUSTRY

to the sum he would receive if producing for export, and to see that the consumer paid a reasonable price. Within two months of this statement it was apparently found necessary to take the first steps towards state control of the local market. On December 4 it was announced that the state was taking over the business of a leading Wellington distributor of dairy and allied products; it will be carried on as a state enterprise under the management of its late owner, who becomes director of internal marketing.

The Congress of British Empire Chambers of Commerce, which was held in New Zealand in October, synchronised with the passage of the Efficiency Bill and elicited a few pointed comments on New Zealand legislation. At the opening of the congress Mr. Savage threw out a suggestion to British capitalists.

If they were going to have preferential trade within the Empire (he said) it had to have two sides to it. Unless the British people would invest their surplus capital to lay the foundations of preferential trade they would never get it. While British capital was invested in foreign countries British trade would follow it.

Mr. Nash pleaded for the co-operation of Great Britain in ascertaining what goods New Zealand could take and what industries could be built up economically in the Dominion. Increasing production and increasing imports, he declared, were not incompatible if we were pursuing a higher standard of living.

This and some remarks of Mr. Sullivan on the Efficiency Bill seem to have given Lord Elibank another cue for a courteous warning on behalf of British capital. Speaking at Dunedin on October 15, he appealed to the Government not to pass the Bill until Mr. Nash had had an opportunity of discussing it in London.

I have come to the conclusion (he said) that conditions are arising and legislation is being passed which British capital cannot be expected to understand and for that reason British capital is becoming shy of New Zealand investments. . . . Surely the overseas companies are as much interested in the prosperity of New Zealand as the local bodies themselves. In any event

NEW ZEALAND

outside companies have provided large capital and are glad to go on doing so, but if this is the way they are to be treated there is little hope that any more capital will come from that place from which most of it comes, namely, the city of London.

The reaction of the Government to this attack was spirited and rather naïve. Mr. Savage was quite unperturbed. He deprecated making it appear that the Bill was inimical to British interests. "As long as the people of New Zealand stand behind the Government (he said) we will be the Government of New Zealand and we are not going to take instructions from people abroad no matter who they are or what their position."

Another member of the congress (Mr. J. A. Aiton, of the Derbyshire Chambers of Commerce) took occasion when leaving New Zealand to assure his audience that there was no doubt in London as to New Zealand's solvency or her willingness to pay when loans fell due; "but I do say (he added) that any lender would have to consider whether the trend of political thought in this country might lead to the introduction of legislation that would make payment more difficult". The conservative press hailed Lord Elibank's speech as a timely warning to the Government. The *Evening Post* (October 16) considered that he had only done his duty in taking up Mr. Savage's challenge.

In prudence British investors will assume that the powers taken are not without a purpose. The investor cannot be expected to take the risks attendant upon control by a majority vote of competitors in the same industry. That means that his industry may be strait-jacketed, his enterprise hindered and his own efforts to extend industry thwarted. The only countries which have taken a comparable course are those totalitarian states which for economic nationalism or other reasons have accepted regimentation as an economic and social policy.

III. THE BASIC WAGE

THE application of the workers for the fixation of a basic wage to apply throughout New Zealand came before the arbitration court at Wellington on October 19

THE BASIC WAGE

and the hearing occupied about a fortnight. According to the amended Industrial Conciliation and Arbitration Act the rate to be fixed must be such as would enable an adult married man with a wife and family of three to maintain himself in a condition of fair and reasonable comfort. There was no precedent in New Zealand to go by. In all previous decisions of the courts what is called the "minimum wage" was fixed on the basis, not of the living requirements of the workers, but primarily of economic and financial conditions affecting trade and industry. The cost of living and the living wage thus merely took a place among other relevant considerations. The workers in the present case rested their claim upon this change of ground and asked the court specifically to fix the basic wage at £6 10s. 3d for the adult male worker so circumstanced and £3 10s. for the female worker. In 1920 the Arbitration Court in Australia fixed £5 16s. as the basic wage for a male worker. Prices were then exceptionally high. The New Zealand court declined to follow that precedent at the time on the grounds that the national income could not support such a scale, and moreover that the size of the average family in New Zealand was only 3.57, whereas the Australian computation was made on the basis of a family of 5.

The employers in the case of last October did not suggest any figure, and they seem to have been wise in refraining. They insisted that despite the wording of the Act the court must consider the economic and financial conditions of industry. Their proposal was that a base period should be adopted and the basic wage be calculated for that period on the value of production per head of population. They urged, moreover, that costs in secondary (or manufacturing) industries should be kept sufficiently low to bring the commodities produced within the purchasing power of those engaged in primary industry.

The judgment of the court (delivered by Mr. Justice Page on November 2), fixed the wage at £3 16s. a week for the adult male worker and £1 16s. for the female worker.

NEW ZEALAND

The workers' representative on the court dissented, but only to claim that the rates should be £3 17s. 6d for the male worker and £1 19s. for the female. The judge pointed out that the wage to be fixed was in effect the historic "minimum" rate; that is, it was to be not greater than would be appropriate to the least skilled and least remunerative type of work covered, or likely to be covered, by an award or industrial agreement, and it should necessarily be applicable to every industry in New Zealand to which any award or agreement related. Needless to say, labour was very disappointed at this reduction of its hopes. The official organ of the Labour party (*The Standard*, November 11) said :

Nothing is more absurd than the basic wage. On the 1914 basis the court in 1936 has allowed £1 15s. 11d for food for a week for five people, or 2½d per person per meal, which is 8½d per person a day. This is a coolie standard.

And yet the rate fixed compared favourably with that now obtaining in Australia, where wages generally are higher than here. The basic wage fixed by the Commonwealth court of arbitration, which is for a man with wife and two children, varies from £3 4s. in Tasmania (a cheap state to live in) to £3 10s. in New South Wales. The scales fixed by the industrial tribunals of the states vary from £3 4s. to £3 6s., and the rate for women from £1 13s. to £1 16s. The percentage ratio of the women's wage in New Zealand to the men's is 47.3, as compared with 53 in Australia, 56 in Great Britain, and 57 in the United States. The rates fixed by the New Zealand court compare not unfavourably with the liberal rate agreed upon between the Public Works Department and the New Zealand Workers Union. This rate is 16s. per day (say £4 a week).

Incidentally the court announced that unless there were special reasons it did not intend to advance wages in New Zealand beyond the level of 1931 (which has been fully restored for public servants by the present Government's

THE BASIC WAGE

Finance Act, 1936). The actual hourly rates thus arrived at have already been augmented in many cases by the 40-hour-week order, which insists on the same weekly wage for a shorter number of hours.

It will be remembered that the Government signalled its advent to power a year ago by granting what were called Christmas boxes to men on relief works and on sustenance, the total cost of the gift being something like £100,000. This Christmas it has again announced new seasonal largesse on a fairly liberal scale. The old age pension, which is the most widespread of New Zealand's social benefits, stood twelve months ago at the rate of £45 10s. a year. The Labour Government at an early date increased it to £52 a year, and by the Pensions Amendment Bill the field of eligibility was widened in several directions. It is now announced that from the beginning of 1937 the rate will be further increased to £58 10s., that is, an advance of 2s. 6d per week. Simultaneously an increase is being made in the sustenance allowance to men without work, at the rate of 3s. a week for single men and 6s. for married. This will affect about 25,000 workers. In April 1936 the scale of sustenance was raised from 14s. to 17s. per week for a single man and from 44s. to 57s. for a man with wife and family of seven. The new increase will bring it up to £1 a week for a single man and £3 3s. for a married man with wife and seven children. There is also a Christmas bonus for qualified relief beneficiaries, women and single men receiving £1 and married men £2. In announcing these gifts the Minister (Mr. Armstrong) declared again the Government's insistence that work should be done by all who can.

The Government (he said) expects and requires that every able-bodied man who is offered work at standard rates and under reasonable conditions shall accept; failing which he will be regarded as voluntarily unemployed and therefore undeserving of Government assistance in any shape or form.

NEW ZEALAND

IV. THE IMMIGRATION PROBLEM

THE more far-sighted section of the people have been watching with some expectancy for a statement of Government policy on the question of immigration, which has been practically at a standstill for the better part of a decade. In 1926-27 New Zealand received 14,943 immigrants, of whom 11,239 were assisted. In 1930-31 the number of immigrants was 2,610, and more than half of these were paying their own fares. In the five years since then 4,501 persons arrived in the country and of these only 356 received any assistance. In the last ten years there has been an actual loss of population of 2,800, on balance of immigration and emigration. The last Government, while sympathetic to British immigration, conceived that to bring in new people during the depression would merely add to the number of unemployed. The Labour party admits to harbouring the same fear, and seems to have come to the conclusion that while it would like British immigrants it must ask that they should bring capital with them. This policy received some support from the British Empire Chambers of Commerce.

In the last few months three arresting publications* have appeared sounding a warning about the stagnancy of our population. Mr. A. E. Mander shows that the birth rate in New Zealand fell from 23.1 per 1,000 in 1922 to 16.1 per 1,000 in 1935, and that the rate of increase of the population shrank from 2.27 per cent. in 1925 to 0.64 per cent. in 1934. Within nine years the population will be at a standstill. Unless immigration is resorted to we shall never have more than 1,650,000 people in New Zealand.

Mr. J. E. Emlyn Jones, of Cardiff, in moving a resolution at the congress of chambers of commerce calling on the Empire as a whole to co-operate in a scheme of redistribution of population, was even more gloomy than Mr. Mander

* A. E. Mander, *To Alarm New Zealand*; A. Leigh Hunt, *National Suicide, or the Brighter Britain of the South*; Arthur Fraser, *A Case for Immigration*.

THE IMMIGRATION PROBLEM

about the future of the Empire population. He stated that if the Dominions did not seize the present opportunity of getting British emigrants it would soon be too late, since experts predicted that in one hundred years from now the population of the British Isles would have shrunk to five or six millions. Great Britain, he said, should provide the men and women, and the Dominions the land and supervision, and thus they would get a balanced population of suitable types of people. The resolution was carried unanimously.

The Labour party have not been averse to immigration in principle, but they believe that improvement of the standard of living is "the common-sense way of increasing the population". On this point even strong conservative organs can be found supporting them. The *New Zealand Herald*, for instance, writing on November 26, says :

It is extremely unlikely that New Zealand will ever again lightly turn her thoughts in that direction (immigration). . . . But even before the Dominion goes so far Government and people should face the fact that to-day, at a time of prosperity, there are still about 50,000 adult males unable to find regular work, not counting adolescents and not counting the thousands engaged on made jobs such as public works. Before that possible solution (immigration) is tested the people will insist that their unemployed countrymen should be given an opportunity to qualify for any vacancies. . . . New Zealand's first duty is to her own.

While conservatism can speak like that one would hardly expect Labour opinion to be more liberal. And yet Labour has shown a definite friendliness towards the discussion. Lord Elibank made a useful contribution. He said :

When we transfer population from one country to another we must transfer capital at the same time. . . . In considering these schemes of migration from the Old Country we must consider whether our migrants will get a square deal and whether our capital which follows them will get a square deal also. I believe we should face up to this position.

A few weeks later Mr. Savage made a considered statement on immigration which indicated that while he did not

NEW ZEALAND

abandon the traditional position that our own people must first be looked after he was not averse to a scheme of Empire co-operation. To the *Evening Post* (December 2) he said :

There was a time when we believed that trade followed the flag. Now we know that it follows investment. . . . If people come here from Britain the job has to come with them. We cannot have them struggling with those here now for the jobs that are going. That means that if we are going to put people from abroad on the land they will have to have the wherewithal to maintain themselves. . . . There are a number of people in Britain who are used to hard work and used to striking out for themselves, but they are without money. If those people come to New Zealand with the necessary capital places will be found for them; but it is not the intention of the Government to borrow money to bring people to the country and settle them at high rates of interest. There will be no return to the system of nominated immigration as we knew it.

Mr. Nash is discussing this problem with the British Government in preparation for the Imperial Conference. Meanwhile the Speaker of the House of Representatives (Mr. W. E. Barnard) has opened a campaign in the country strongly urging the necessity of tackling the problem. He insists that those who look upon immigrants only as possible competitors are overlooking that they are also consumers and that secondary industries can be developed only to the extent that the extra production can be consumed.

V. LOCAL GOVERNMENT REFORM

DURING the recess country interests will have time to consider the Local Body Bill, a permissive measure to simplify our system of local government. It was read a first time on the motion of the Minister of Internal Affairs (Mr. W. E. Parry) on October 31. Owing to the sporadic nature of settlement in New Zealand and the strong local patriotism that grew up from it, our little population of one-and-a-half million people supports more than 700 local bodies. In addition to boroughs and counties there are

POLITICAL PARTIES

many inferior authorities, including town, river and road boards, rabbit boards, power boards, hospital and harbour boards, drainage and water supply boards. The Bill proposes still to recognise the right of people in a locality to organise themselves, but it must be into larger and fewer local governing units. They may initiate their own schemes of amalgamation; but if they fail, or if their schemes are unacceptable, then the Government will have power to act. All schemes will be considered by a local government commission, which will proceed on the assumption that amalgamation is desirable, so that every local body will have to prove its claim to survive.

In this measure the Government has shown both courage and tact. No doubt the enjoyment of an unchallenged majority in both Houses has emboldened it to tackle a question three previous Governments recognised but consistently shirked. Possibly Labour will suffer less than the Right by the loss of support due to the dethroning of many leaders in local government as the result of the extinction of their councils; but it will not entirely escape repercussions due to loss of employment by clerical and technical workers, if not also by labourers, which will almost certainly follow the amalgamation of neighbouring councils. Still, it is doing a distasteful task in the most agreeable manner—by leaving it to the local bodies to commit suicide. Historically-minded people reflect that the first approach by a timid Government to extinguishing the provinces of New Zealand in 1873 was also by means of a permissive Act. In the following year the Government felt strong enough to exterminate the provinces lock, stock and barrel.

VI. POLITICAL PARTIES

THE only by-election since the Labour Government took office was that in Manukau on September 30. Mr. W. J. Jordan, who is now High Commissioner in London, had held that seat very strongly since 1922. At

NEW ZEALAND

the 1935 general election he polled 70.12 per cent. of the total number of votes cast. Mr. A. G. Osborne, who has now kept the seat for Labour, polled 68.1 per cent. It was announced by the chairman of the Labour party (Mr. Clyde Carr, M.P.) that the overtures of the New Zealand Communist party for an alliance with Labour in the formation of a popular front had been rejected. Mr. Carr said that the Labour party, judging the Communists by their past record, had no hesitation in turning down the application.

The Opposition parties have at last come more closely together. Though the United (Liberal) and Reform (Conservative) parties formed a coalition in 1931, they continued to maintain their party organisations, each no doubt secretly hoping that the time would come when it could regain office independently of the other. These organisations have now disappeared entirely, the two parties coming together on a common platform under the title of the National party. The parliamentary wing of the new party met on the last day of the session and elected as leader the Hon. Adam Hamilton, M.P., who was one of the most successful Ministers in the last Government and an outstanding Opposition debater in the sessions of this year. Mr. Forbes gracefully retired from the leadership, and the other candidate, Mr. C. A. Wilkinson, formerly one of the independent wing of the Right, did not call for a vote. Mr. Hamilton says that he understands clearly that the Opposition cannot hope to appeal to the country merely as being opposed to the Labour Government. They must adopt a positive attitude and express the political thought of the Liberals and Conservatives.

New Zealand,
December 1936.

